www.bekonomike.com

Annual Report 2025

SIGURIA
KOMPANIA E SIGURIMEVE

Banka
Ekonomike

Banka
Ekonomike

SIGURIA
KOMPANIA E SIGURIMEVE

Annual Report 2025

Contents

Banka Ekonomike

MESSAGE FROM THE BOARD OF DIRECTORS

Transformation, consolidation and a clear vision for the future

Dear clients, colleagues and shareholders,
2025 was an important year of transformation and consolidation for Banka Ekonomike, characterized by sustainable developments and visible advancements in all key dimensions of operation. In a financial environment that is evolving at a rapid pace and that requires continuous adaptation, the Bank has continued to build a stronger, more modern and increasingly oriented profile towards the real needs of its clients.

During this year, we achieved a stable financial performance and further strengthened our market position. The growth of the loan and deposit portfolio, together with a positive financial result, with a profit of 12.70 million euro before tax, reflects a disciplined business strategy, careful risk management and, above all, the continued trust of our clients. However, for us, financial performance is only part of the story just as important is how we build the Bank's future and create sustainable value in the long term.

One of the most important developments of 2025 was the expansion of market share of Banka Ekonomike through the integration of Türkiye İş Bankası branch operations in Kosovo. This step represents a strategic moment in our journey, contributing to:

- Grow the client base and expanding the geographical presence
- Strengthen operational and competitive capacities
- Increase the ability to support the local economy and businesses

Integration of this operation was successfully carried out thanks to strong institutional coordination and a high level of commitment from all Bank structures, demonstrating our capacity to manage complex transformation processes.
The banking sector is undergoing a profound technological and organizational transformation, and for Banka Ekonomike, this transformation remains a strategic priority. During 2025, investments in this direction have been significantly accelerated, including:

- Modernization of technological infrastructure and banking systems;
- Development of digital services and alternative communication channels;
- Improving client experience through simpler and more efficient processes.

Our goal is clear: to build a bank that offers faster, safer and more personalized services. Digital transformation is not just an investment in technology, but a fundamental change in the way we operate and interact with our clients, placing their experience at the center of every development.
Another key element of our strategy is the development of a more complete and integrated financial ecosystem. In this regard, we have consolidated cooperation with the KS Siguria insurance company, creating opportunities to offer combined solutions that include banking and insurance services. This cooperation model:

- Increases the value offered to clients through integrated services
- Expands the range of financial products and solutions
- Strengthens long-term relationships with clients and partners

This direction will continue to be one of the strategic pillars of our development in the coming years.

The success of Banka Ekonomike relies on the people who build it every day. The professionalism, dedication and integrity of our staff are the foundation on which the trust of our clients and the stability of the institution are built. Investing in the development of human capital remains a continuous priority to guarantee sustainable performance and high service standards.

On this journey, we would like to express our sincere gratitude to:

- Our clients, for their continued trust and loyalty
- Our partners, for the sustainable and fruitful cooperation
- Our staff, for their dedication and extraordinary contribution

Looking towards 2026, the financial sector is expected to face further developments, including deeper digitization, increased competition, and higher demands for innovation and transparency. Banka Ekonomike is prepared for this new phase, with a clear vision and consolidated capacities.

Our strategic priorities remain focused on:

- Strengthening financial stability and prudent risk management
- Accelerating digital transformation and innovation
- Expanding support for businesses and real economy
- Developing partnerships that create sustainable value for clients and society

With our shared experience, expertise and vision, we are confident that Banka Ekonomike will continue to grow and play an important role in the development of the financial sector in the country.

Respectfully,
Board of Directors
Banka Ekonomike

05 MESSAGE FROM EXECUTIVE MANAGEMENT

Shpend Luzha
Chief Executive Officer

Hamide Pacolli Gashi
Deputy Chief Executive Officer

Arijan Haxhibeqiri
Deputy Chief Executive Officer

Dear clients, partners, and shareholders of Banka Ekonomike,

2025 marks an important milestone in the development of Banka Ekonomike, with a sustainable combination of financial growth, technological advancement, and strengthening relationships with clients and the community. In an economic environment that continues to be characterized by strong dynamics and ongoing challenges, we have managed to maintain stability and grow on our strong foundations, orienting ourselves towards sustainable and long-term development.

Through a proactive approach and clearly structured decision-making, we have managed to seize market opportunities and address challenges with flexibility and responsibility, creating sustainable value for all stakeholders.

Growth, stability, and continued trust

Throughout 2025, the financial performance of Banka Ekonomike has shown stability and continuous progress in all key segments of its activity.

- Bank portfolio recorded a steady growth of around 73 million euro or an increase of 14.64 percent from the previous year, supported by a balanced expansion of lending to individuals, businesses, and corporations.
- Revenues continued the positive trend, reaching a total of 50.60 million euro and maintaining the share of total market interest revenues at 8.8 percent.
- Deposits recorded a significant increase, of around 101 million euro or an increase of 16.95 percent compared to last year, reflecting client confidence in Bank security and stability.
- Financial results contributed to maintaining a strong capital position and a sound basis for further development, achieving a profit of 12.70 million euro before tax.

These developments are a result of a combination of financial discipline, careful risk management and, a continuous orientation towards client needs. The growth of portfolio and deposits does not only represent an expansion of the activity, but also a deepening of relations with clients and an increase in the credibility of the institution in the market.

At the same time, investment in human capital has been a key component of this success. Through continuous training and professional development, we have built a prepared and motivated team, which directly contributes to the quality of services and the fulfillment of strategic objectives.

Our digital transformation – towards a more advanced bank

Digital transformation throughout 2025 has been one of the main pillars of development, aiming to create a modern, simple and secure experience for clients.

- Simplification of processes has significantly reduced the time and complexity of banking services, increasing operational efficiency
- Improving e-Banking and Mobile Banking platforms has enabled easier access and more advanced functionalities for clients
- Increased security standards have guaranteed higher protection of data and transactions
- Development of new functionalities has ensured continuity and flexibility in the use of digital services

Among the most important developments that have characterized this transformation are:

- Implementation of DCC in POS terminals, increasing transparency and flexibility for international clients
- Integrating a chatbot into the website, providing immediate and continuous assistance
- Development of OTP via email, guaranteeing uninterrupted access to digital services
- Expanding the use of electronic payments and increasing the presence of POS terminals in the market
- Improving payment processes and payroll management for businesses
- Banka Ekonomike has signed a cooperation agreement with Facilization and Oracle for the implementation of a new banking system based on the latest technologies, marking a new stage in the modernization and digital transformation of the Bank. This project represents a strategic investment in the advancement of technological infrastructure of Banka Ekonomike, thus increasing the efficiency of processes, improving security, and service delivery. The new platform, based on the latest generation technology, will enable further development of digital services and optimization of internal processes.

These initiatives have transformed the way clients interact with the Bank, making the experience more intuitive for them and more relevant to the demands of the times. Digitization has also contributed to increasing internal efficiency and improving the quality of services provided.

Expansion and community connection

Throughout 2025, Banka Ekonomike has taken important steps to expand its presence and strengthen its connection with the community across the country.

- Successful integration of IŞ Bank in Kosovo has brought about an expansion of the client base and strengthening of operational capacities
- Expansion of the branch network, including presence in Leposavic, has enabled the provision of banking services in areas of strategic importance
- Investments in the modernization of existing branches have significantly improved client experience and service conditions

These developments have contributed to increasing access to financial services and building a closer relationship with the community. The expansion has not only been seen as a physical increase in the network, but also as a way to create a stronger and more comprehensive presence in the market, addressing the diverse needs of clients in different regions.

Social responsibility – investment in the future

Commitment to social responsibility continued to be an integral part of activities of Banka Ekonomike throughout 2025.

Supporting sports has contributed to the development of talents and promotion of values, such as discipline and commitment

- Supporting cultural activities has helped enrich the social and cultural life of the community
- Investments in education and health care have contributed to the improvement of living conditions and the development of young generations.
- Supporting categories in need has reflected the commitment to a more inclusive and solidary society

These initiatives have strengthened the Bank's role as an institution that contributes not only to economic development, but also to the overall wellbeing of society.

Conclusion

Achievements of 2025 are the result of close collaboration between our clients, staff, partners, and shareholders. This collaboration has created a strong foundation for continued growth and development in the future.

Banka Ekonomike will continue its commitment to further advancing its capabilities, providing innovative solutions and maintaining high standards in every aspect of its operations. With a clear vision and a clearly defined strategy, we aim to continue to be a reliable financial partner and an important contributor to the country's economic development.

Thank you for your continued trust and support.

On behalf of Executive Management,
Shpend Luzha
Chief Executive Officer

Banka Ekonomike

VISION

To be one of the best and largest providers of financial services in Kosovo.

MISSION

- To be the best financial partner of our clients, to achieve economic growth and sustainability.
- To be at the center of financial needs and services of individual clients, businesses, corporations, and institutional clients.
- To support and align ourselves in all activities that affect the economic growth and development of Kosovo.
- Our primary goal is to gain and maintain public trust and adhere to the highest ethical standards.
- To be able to provide financial support, security, and optimism to our clients.

VALUES

- In the long term, we invest in people, products and technology.

We constantly strive to improve our performance to perfection.

MACROECONOMIC ENVIRONMENT

Throughout 2025, Kosovo economy has shown stability and a positive growth trend, despite ongoing global and regional challenges. According to preliminary data from Kosovo Agency of Statistics (KAS), Gross Domestic Product (GDP) recorded a real increase from 3.9 percent to 4.1 percent compared to the previous year. This dynamic was mainly supported by final household consumption, increased public investments, as well as the services sector, driven in particular by the diaspora.

The construction sector and retail trade continued to be the main contributors to growth, followed by an improved performance of the manufacturing sector. The steady growth of remittances, which reached a record high, played a crucial role in supporting purchasing power and domestic demand.

Inflation and Trade

In 2025, inflationary pressures marked a significant decline compared to the high levels of previous years, stabilizing at an annual average of 3.3 percent (KAS). This decline came as a result of the stabilization of food and fuel prices in international markets, as well as measures taken by local institutions.

However, the high trade deficit remains a structural challenge for the economy. Although exports of goods and services increased, they were not enough to cover the high volume of imports, resulting in a deepening of the balance of payments deficit.

Labor Market

The labor market showed signs of improvement, with an increase in the employment rate. According to KAS, the unemployment rate fell to 11.0 percent (in Q4 2025), marking a historically low level, although youth unemployment and high level of inactivity remain a concern.

In summary, 2025 was characterized by a consolidation of economic growth and financial stability, opening up positive prospects for sustainable and inclusive growth in the years ahead.

BANKING SECTOR

The banking sector in Kosovo, during 2025, continued to be one of the main pillars of financial stability and economic development in the country. According to reports from the Central Bank of the Republic of Kosovo (CBK), the sector has shown stability, high liquidity, and an adequate level of capitalization to withstand risks.

Credit Activity and Deposits

Credit activity recorded a rapid growth of 14.7 percent (CBK, December 2025), reaching a total value of 6.67 billion euro. This growth was driven by strong demand for financing from households and businesses, as well as favorable lending conditions.
On the other hand, client deposits continued to grow, reaching a value of 7.82 billion euro, representing an annual growth of 8.5 percent. This reflects the high confidence of citizens in the banking system. The loan-deposit ratio stabilized at around 85.2%.

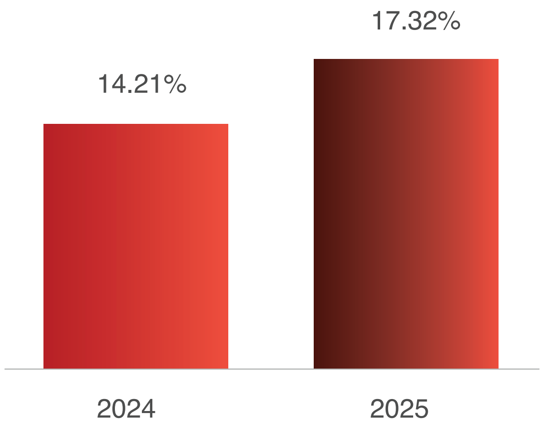
Digitization and Innovation

The digitization of banking services took a further boost in 2025. Commercial banks continued to invest in technology, offering faster and more secure solutions to their clients. The use of mobile applications and electronic payments increased significantly, facilitating access to financial services and reducing the need for a physical presence in branches.

Portfolio Quality and Supervision

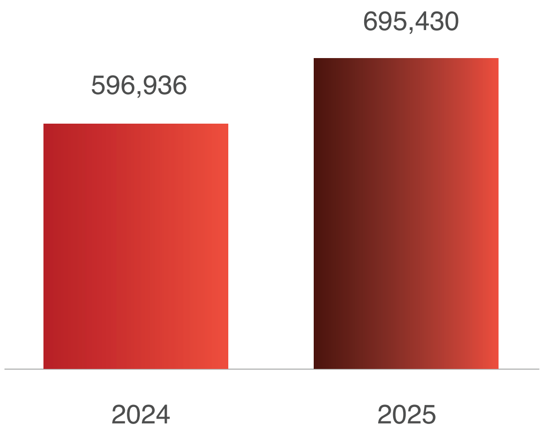
The quality of credit portfolio remained at high levels, with a further decline in the non-performing loans (NPL) ratio to 1.8 percent.
At the end of this year, the banking sector in Kosovo appears more consolidated, more developed, and closer to citizens. With a clear vision for the future and a continuous focus on improvement, banks remain important partners for every step that citizens and businesses take towards success and financial stability.

SOURCES: CENTRAL BANK OF THE REPUBLIC OF KOSOVO
KOSOVO AGENCY OF STATISTICS



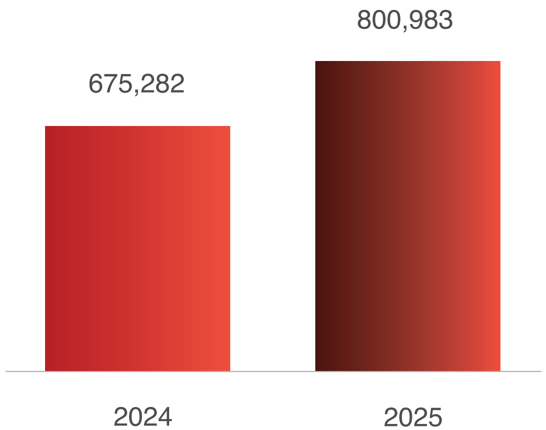
+3.12%

Capital Adequacy Ratio



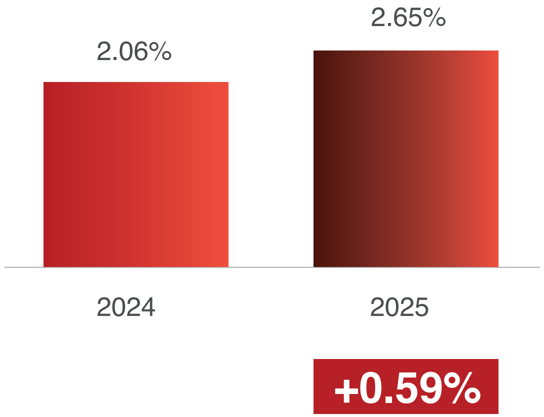
+16.50%

Deposits (in million Eur)

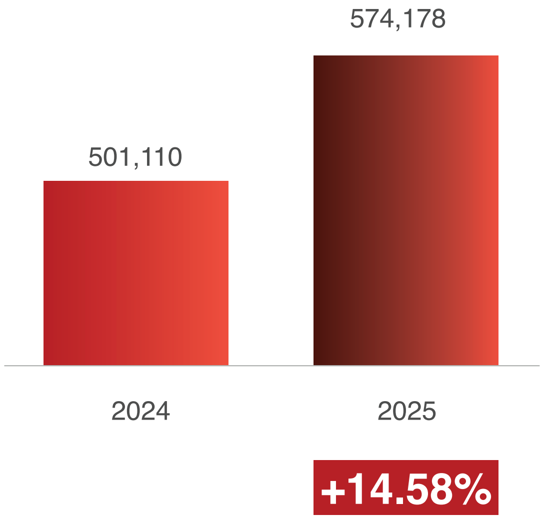


+18.61%

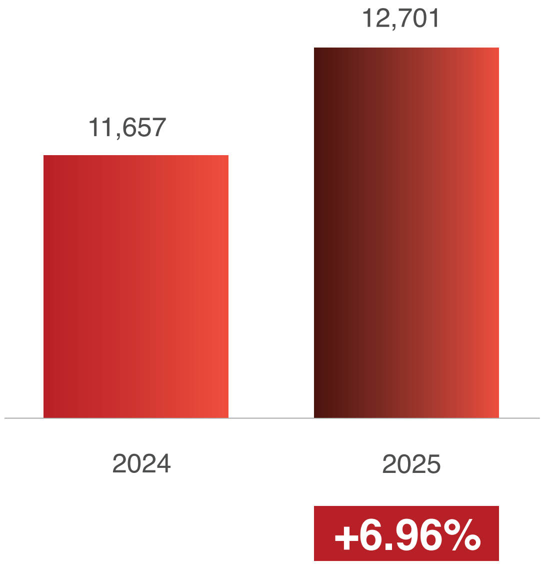
Assets (in million Eur)



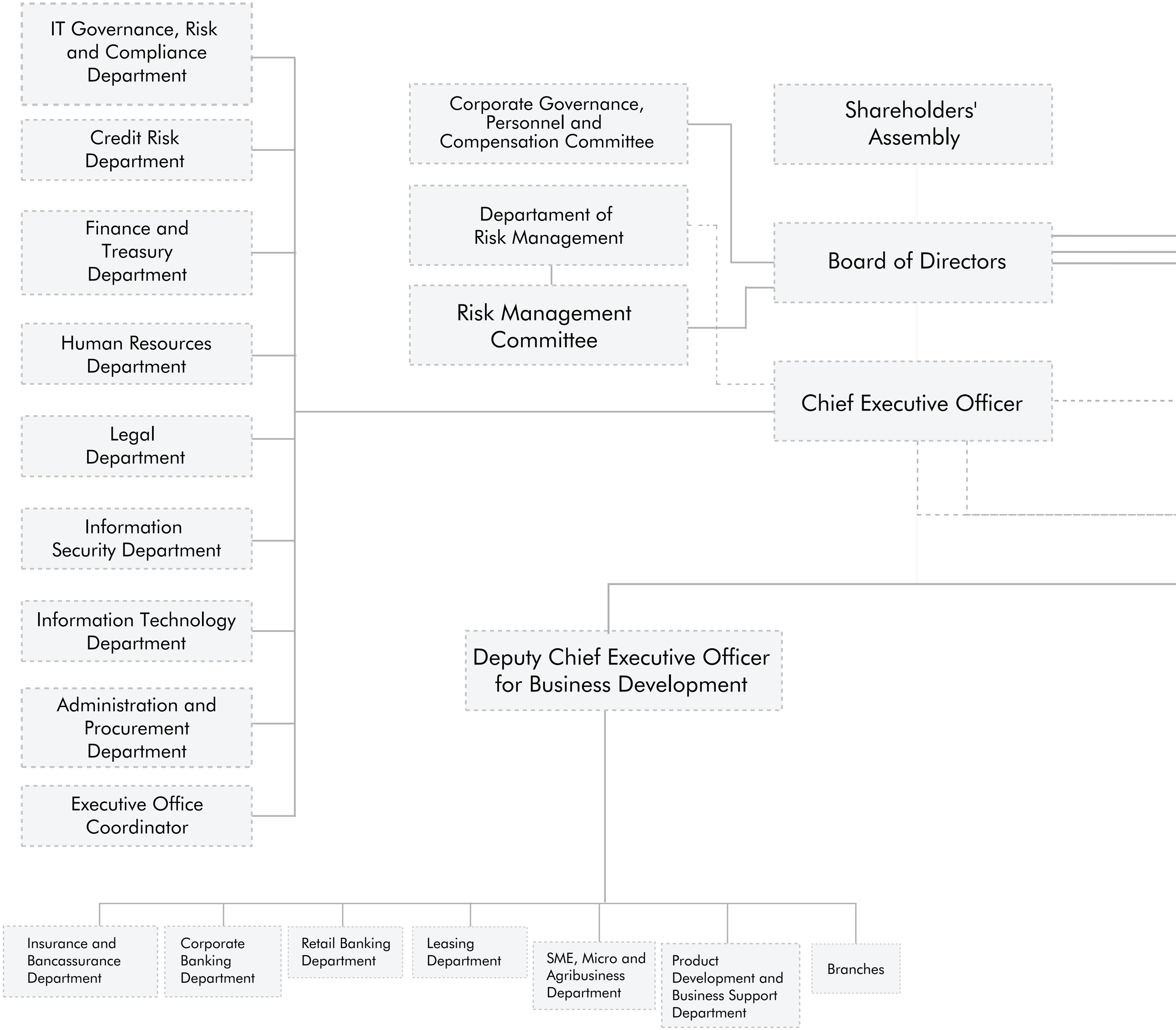
Non-performing loans (NPL)



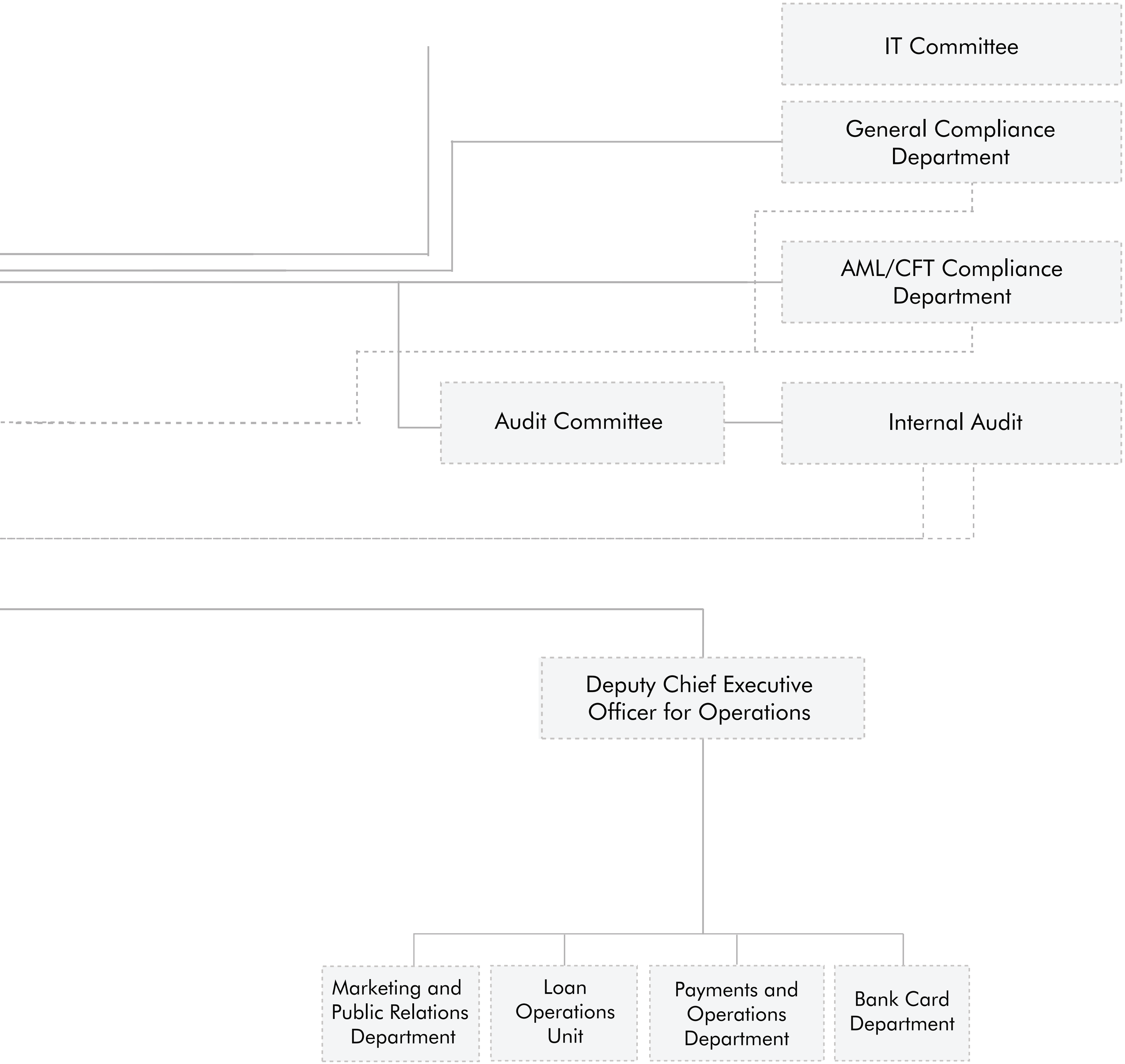
Loans (in million Eur)



Profit before tax (in million Eur)

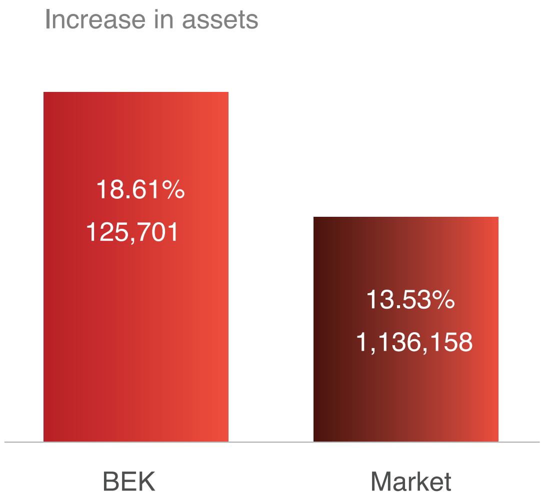

IT Governance, Risk and Compliance Department
Credit Risk Department
Finance and Treasury Department
Human Resources Department
Legal Department
Information Security Department
Information Technology Department
Administration and Procurement Department
Executive Office Coordinator
Corporate Governance, Personnel and Compensation Committee
Departament of Risk Management
Risk Management Committee
Shareholders' Assembly
Board of Directors
Chief Executive Officer
Deputy Chief Executive Officer for Business Development
Insurance and Bancassurance Department
Corporate Banking Department
Retail Banking Department
Leasing Department
SME, Micro and Agribusiness Department
Product Development and Business Support Department
Branches

ORGANISATIONAL STRUCTURE OF THE BANK



2025 POSITIONING OF BANKA EKONOMIKE IN KOSOVO BANKING MARKET

The growth of 13.53 percent of the banking market in all assets was also influenced by our Bank, which recorded an increase in all assets of 18.61 percent. In real numbers, at the end of 2025, the total assets of Banka Ekonomike increased to 800 million euro, compared to 675 million euro at the end of 2024.



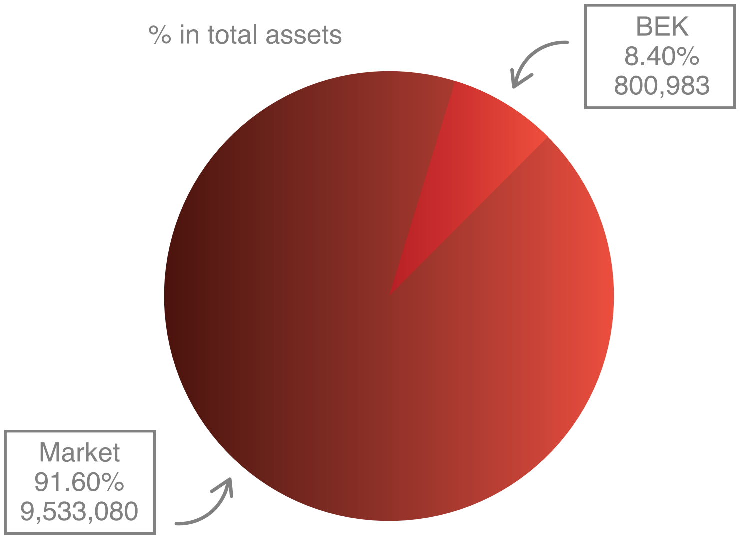
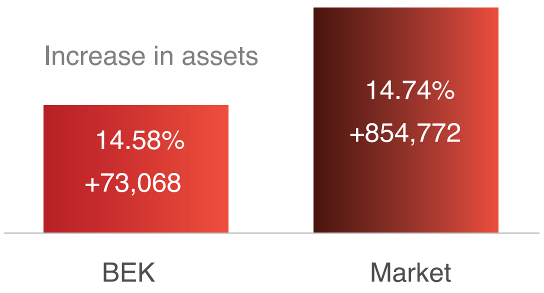


FIGURE 1. Share of Banka Ekonomike in the overall growth of market assets, December 31, 2025

FIGURE 2. Share of Banka Ekonomike in total market assets, December 31, 2025

2025 LOAN SHARE

The share of total loans of Banka Ekonomike in the market, as of December 31, 2025, stood at 8.63 percent of the overall banking sector. During 2025, our Bank has recorded an increase of 14.58 percent in loans, compared to the market, which has recorded an increase of 14.74 percent.



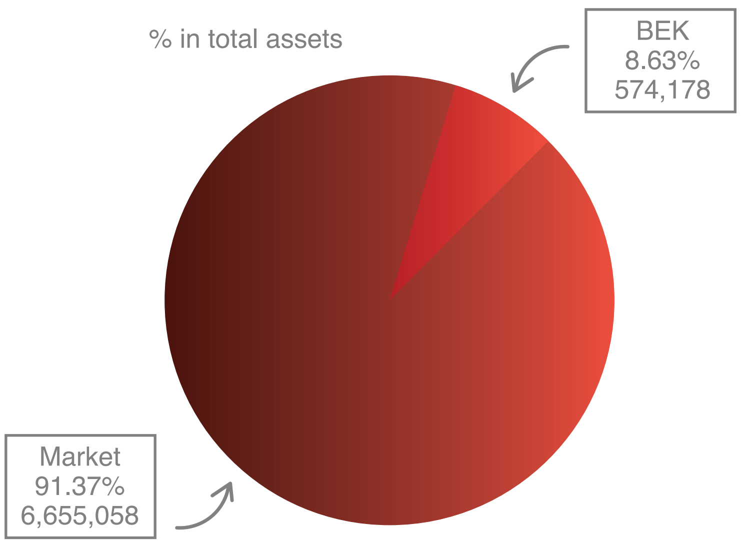
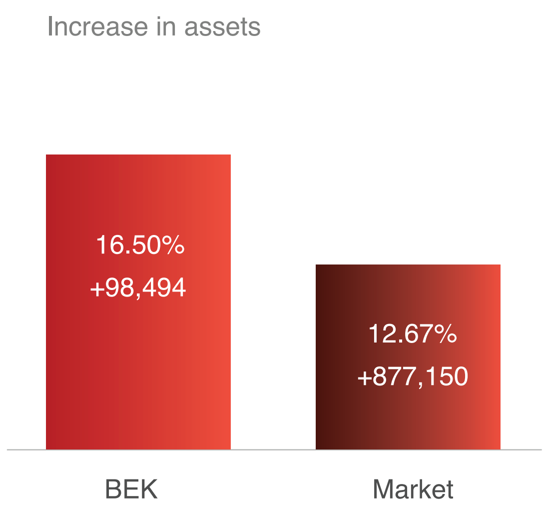


FIGURE 3. Growth of Banka Ekonomike in total loans in relation to the market, December 31, 2025

FIGURE 4. Share of loan volumes of Banka Ekonomike in relation to the market, December 31, 2025

2025 DEPOSIT SHARE

The share of Banka Ekonomike in total deposits in the market, as of December 31, 2025, was 8.92 percent of the total banking sector in Kosovo. During 2025, our Bank has recorded an increase of 16.50 percent in deposits, compared to the market, which has recorded an increase of 12.67 percent.



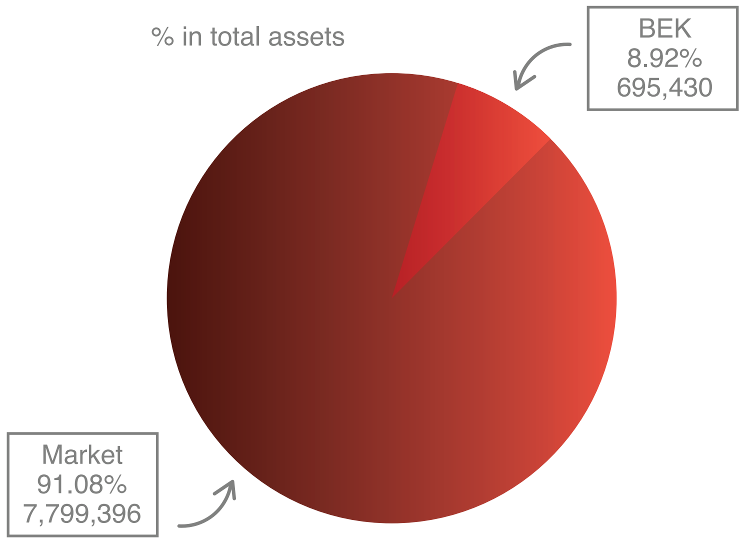


FIGURE 5. Share of deposits of Banka Ekonomike in relation to the market, December 31, 2025

FIGURA 6. Share of Banka Ekonomike in deposit volumes in relation to the market, December 31, 2025

STATEMENT OF FINANCIAL POSITION EURO '000

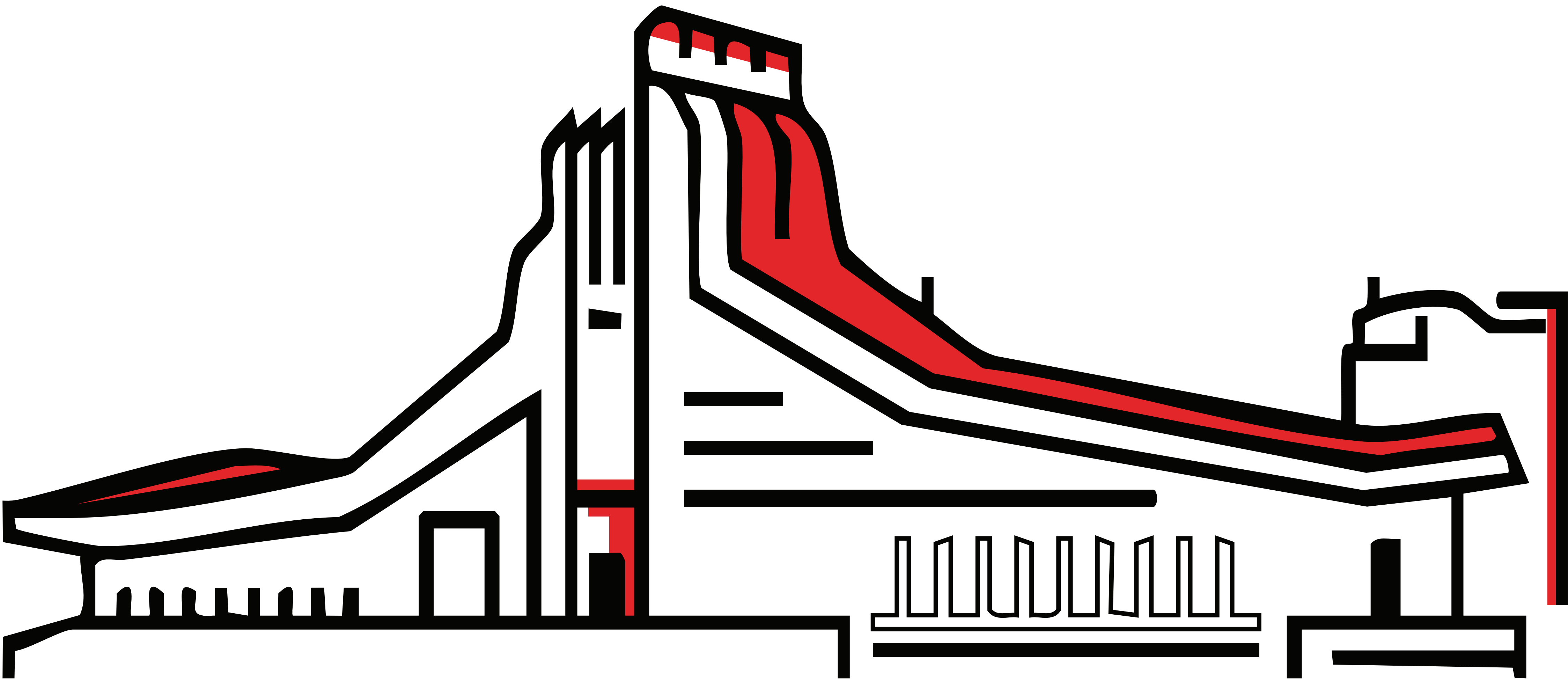
Assets	December 31, 2025	December 31, 2024
Cash on hand and in banks	46,064	40,484
Status with Central Bank of Kosovo	66,560	60,232
Client loans	560,541	491,220
Investments in securities	99,980	55,749
Investments in branches	7,358	7,358
Property and equipment and right-of-use assets	14,711	13,535
Intangible assets	2,295	3,220
Income tax prepayment	-	343
Other assets	3,474	3,140
Total assets	**800,983**	**675,281**
Liabilities		
Client deposits	695,430	596,936
Liabilities to banks	2,588	1,096
Subordinated debt	2,136	-
Profit tax liability	241	-
Other liabilities	4,554	3,931
Deferred tax liability	592	596
Total liabilities	**705,541**	**602,559**
Equity and reserves		
Share capital	38,874	29,422
Revaluation reserve and other reserves	6,606	4,887
Retained earnings	49,962	38,413
Total equity and reserves	**95,442**	**72,722**
Total liabilities, equity, and reserves	**800,983**	**675,281**

These individual financial statements were approved by the Board of Directors of the Bank and signed on their behalf on 20 April 2026 by:

Mr.Shpend Luzha
Chief Executive Officer

Mr.Berat Isa
Chief Financial Officer

	For the year ending December 31, 2025	For the year ending December 31, 2024
Interest income calculated using the effective interest method	40,028	35,973
Interest expenses calculated using the effective interest method	(9,005)	(7,741)
Net interest income	**31,023**	**28,232**
Income from fees and commissions	6,800	5,941
Expenses from fees and commissions	(2,008)	(1,667)
Net income from fees and commissions	**4,792**	**4,274**
Profit on bargain purchase	2,884	-
Other operating income	556	764
Income	**39,255**	**33,270**
Personnel expenses	(6,483)	(5,585)
Depreciation and amortization	(3,389)	(3,306)
Other expenses	(13,142)	(12,015)
(Exemption)/burden of allowing net losses on financial instruments	(2,960)	(342)
Losses from depreciation of intangible assets	(580)	(365)
Total operating expenses	**(26,554)**	**(21,613)**
Profit before tax	**12,701**	**11,657**
Profit tax	(1,152)	(963)
Net profit for the year	**11,549**	**10,694**
Other comprehensive income		
Items that will not be reclassified subsequently as Profit or Loss	(1,598)	-
Profit on revaluation of property and buildings, net from tax	-	4
Items that may be subsequently reclassified as Profit or Loss		
Changes in the fair value of debt instruments at fair value through other comprehensive income	121	137
Total comprehensive income, net from tax	**1,719**	**141**
Total comprehensive income for the year	**13,268**	**10,835**

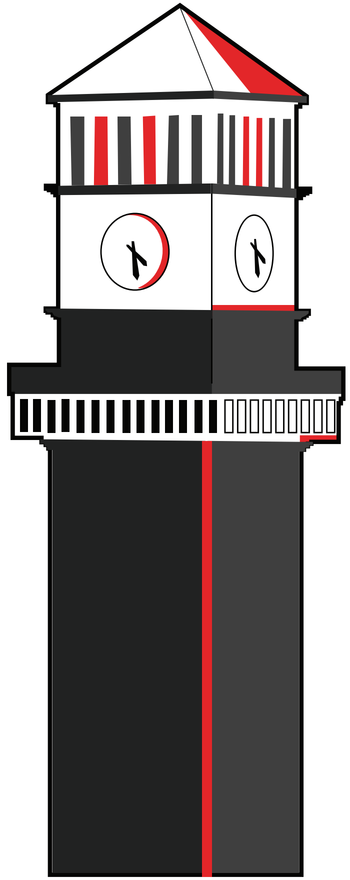


PERFORMANCE OF BANKA EKONOMIKE

Continuing the tradition of growing and maintaining client satisfaction, as well as continuously working to achieve financial performance targets, in 2025, our Bank has also marked progress in most financial indicators, closing the year with a profit of 12.70 million euro before tax.

Net interest income has increased, and this increase compared to the previous year is 10 percent higher; also, net income from commissions and fees during 2025 has increased compared to the previous year, from 4.274 million in 2024 to 4.792 million euro in 2025. As a result, the Bank has continued to recruit new clients to a considerable extent, thanks to the quality of services and modern technology.

Our bank remains committed to implementing its long-term strategic plans, in order to continue to successfully operate at an ever-increasing pace.



BANK ASSETS

Commitment to values, performance targets as well as the continuous expansion of the Bank network and infrastructure, has resulted in an increase in Bank assets for the sixth consecutive year. Our Bank closed 2025 with 800 million euro, compared to 675 million euro in 2024.

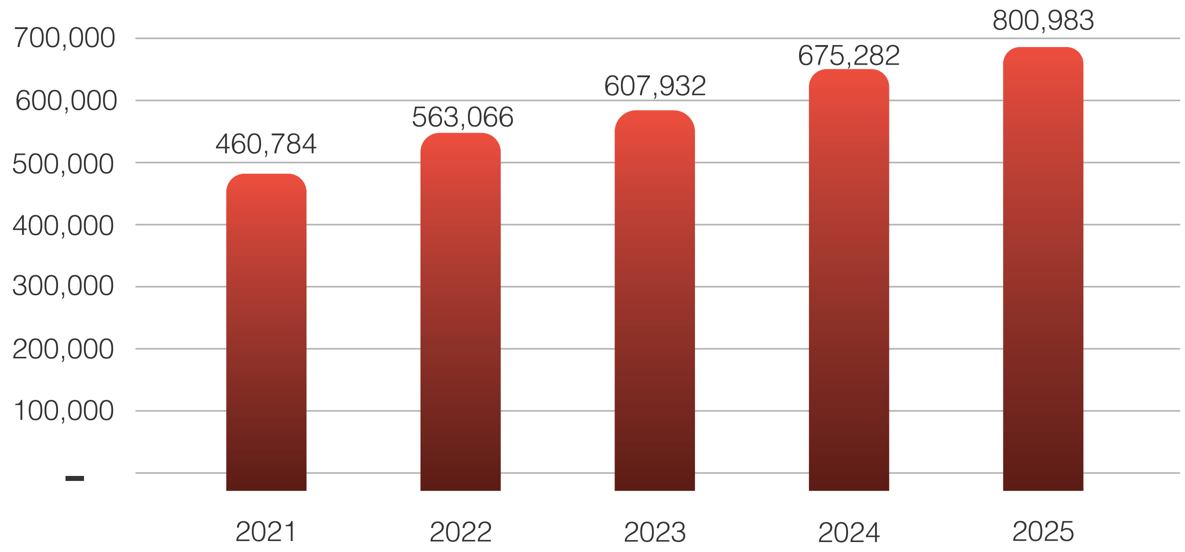


FIGURE 7: Assets of Banka Ekonomike
2021-2025

LOAN PERFORMANCE

Proper portfolio management and balanced risk management have contributed to the continuation of the growth trend this year. As a result, our Bank has had a substantial increase in its loan portfolio, including private and business sectors. Throughout 2025, the loan portfolio has increased from 501 million euro to 574 million euro.
Banka Ekonomike has continuously promoted its best lending products through marketing campaigns.

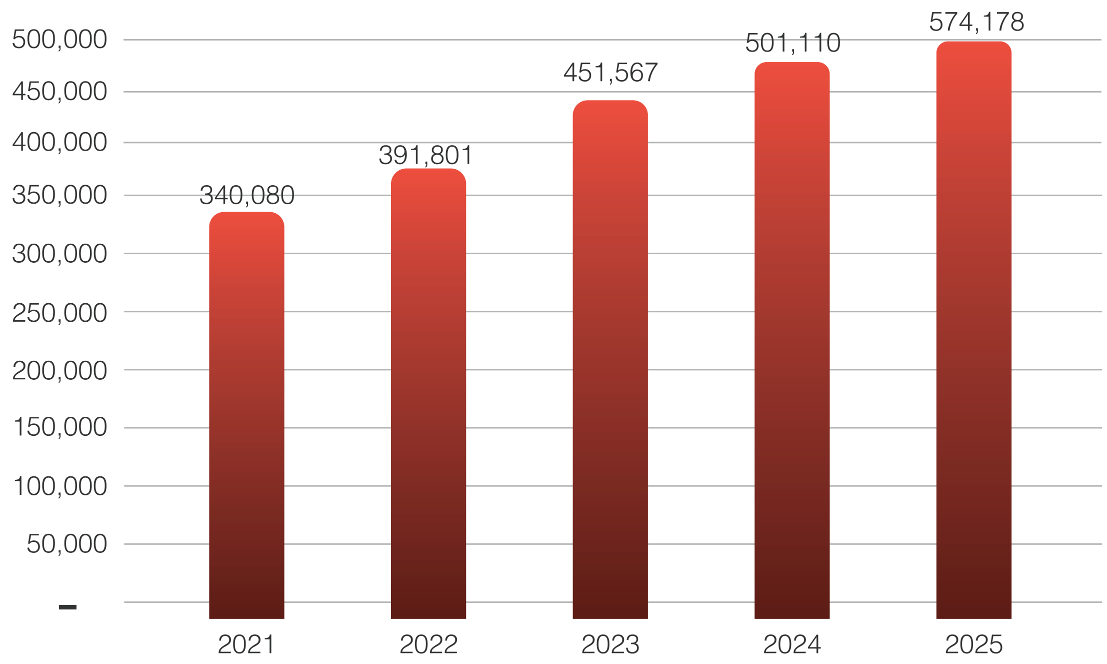


FIGURE 8: Loan Portfolio 2021-2025

Loans - Banka Ekonomike

DEPOSIT PERFORMANCE

Continuous growth of deposits is another indicator of the continuous growth of client trust in the services of Banka Ekonomike. Year 2025 marked an increase in deposits to 695 million euro, from 597 million euro in the previous year.

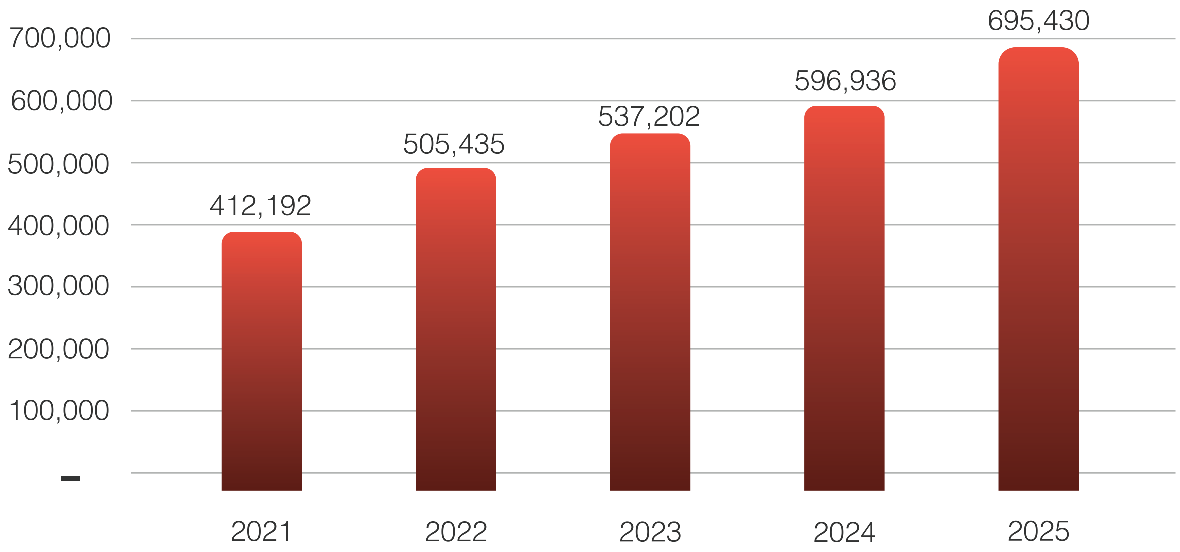
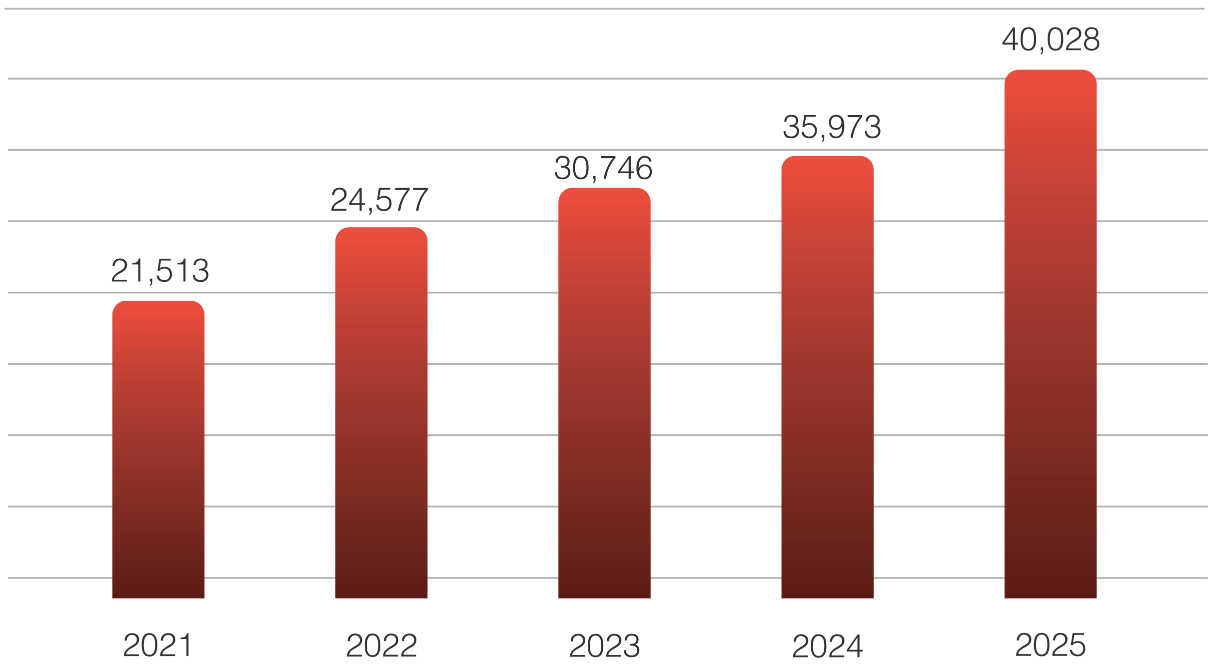


FIGURE 9: Client deposits 2021-2025 Client deposits - Banka Ekonomike

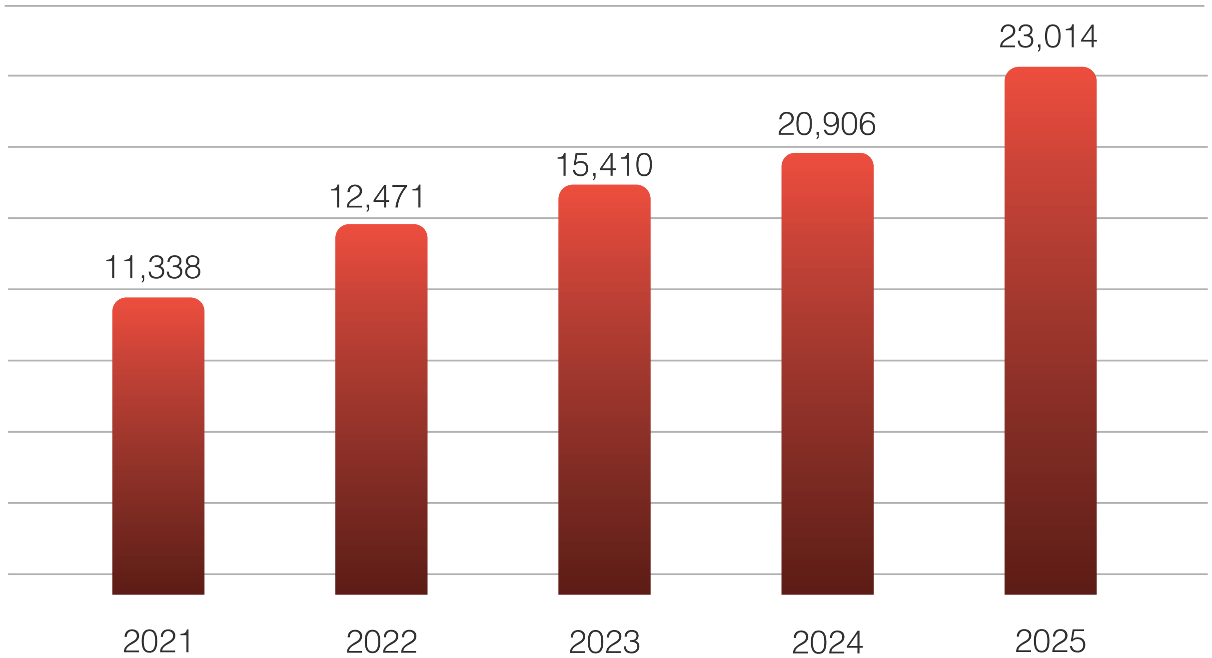
INTEREST INCOME

Euro'000	2020	2021	2022	2023	2024	2025
Interest income	17,966	21,513	24,577	30,746	35,973	40,028
Deposit costs	2,640	2,783	3,188	5,450	7,741	9,005
Net interest income	**15,326**	**18,730**	**21,388**	**25,295**	**28,232**	**31,023**
Net income from comissions and fees	**2,030**	**2,467**	**3,444**	**3,575**	**4,274**	**4,792**



OPERATING EXPENSES

Euro'000	2020	2021	2022	2023	2024	2025
Administrative expenses	4,463	5,083	5,314	7,292	12,015	13,142
Personnel expenses	3,466	3,888	4,546	5,064	5,585	6,483
Depreciation expenses	2,277	2,367	2,611	3,055	3,306	3,389
Total operating expenses	**10,206**	**11,338**	**12,471**	**15,410**	**20,906**	**23,014**



BUSINESS DEVELOPMENT

Sustainable growth and transformation towards a bank closer to the client

Throughout 2025, Banka Ekonomike has continued to significantly strengthen its market position by expanding its client base, increased product use, and advancing digital channels. The strategic approach focused on the client and innovation has resulted in sustainable performance and significant growth in all key business segments.
Modernization of electronic platforms, expanding the branch network, and increasing the number of ATMs has directly impacted improved client experience and increased use of digital services. In parallel, marketing campaigns and personalized offers have strengthened client loyalty and have encouraged a greater use of banking products.

Retail banking

The retail banking segment continued to be one of the main pillars of growth during 2025. Increased number of new clients and greater use of digital products have positively impacted the overall performance of the bank.
By developing innovative products and continuously improving services, the bank managed to increase deposits, loan portfolio, and use of bank cards. The more simplified and intuitive experience in electronic channels significantly contributed to clients adopting digital services.

Small and Medium Enterprises (SME)

The SME segment has recorded a very positive performance during 2025, reflecting the bank's confidence in the potential of local businesses and their role in economic development.
The lending portfolio increased by 10 million euro, reaching 150.6 million euro, while the quality of the portfolio has been maintained at stable levels, with non-performing loans within acceptable parameters.
The following contributed significantly to this development:

- Participating in the WE Finance Code program, with a focus on supporting women in business
- Facilitating access to finance through changes in credit policies
- Expanding the payment network through over 1,450 POS terminals
- Generating over 38 million euro in turnover through these terminals

This approach enabled better support for businesses and contributed to increased economic activity in the country.

Corporation

The Corporate Department continued to play a key role in supporting large businesses and institutional clients, providing structured and personalized financial solutions.

Throughout 2025:

- The lending portfolio has increased by 41.3 million euro, reaching over 200 million euro
- Deposits increased by 34.6 million euro (+29.71%)
- 858 POS terminals have been distributed
- POS turnover reached 44 million euro

These results reflect client confidence and the bank's ability to support development projects and large-scale economic activities.

Product Development

Digital transformation has been one of the main priorities during 2025, aiming to create a simpler and more accessible banking experience for clients.
Key initiatives include:

- Simplifying banking documentation and processes
- Developing new digital products
- Awareness campaigns for the use of Mobile Banking, POS, and cards

These measures directly affected:

- Increased number of new clients
- Expanding deposits and loans
- Increasing use of online services

Leasing

Leasing continued to be a growing segment and one of the most sought-after products during 2025, becoming an important financing instrument for clients.
Through collaborations with various construction companies and businesses, the bank offered flexible solutions for financing:

- Vehicles
- Equipment
- Business assets

Increased demand and client confidence contributed to strengthening of this segment and consolidation of the bank as an important investment partner.

Summary

Year 2025 represents an important period of development for Banka Ekonomike, where all key segments from individual clients, SMEs, corporations, to products and leasing contributed to sustainable growth and strengthening of the market position.

Through an integrated, client-oriented and innovation-oriented approach, the bank created a strong foundation for further development and the fulfillment of strategic objectives in the coming years.

CREDIT PORTFOLIO

Banka Ekonomike recorded an exceptional performance in its credit portfolio during 2025 as a result of a carefully crafted strategy and commitment to meeting the needs and demands of clients in all business segments.

In 2025, the Bank continued to record steady growth in its loan portfolio, increasing its value from 501 million euro in 2024 to 574 million euro. This significant growth is the result of a sustainable strategy of offering loan products in all market segments. Diversification of the portfolio contributed to maintaining stability and ensuring the Bank's sustainable growth in the loan market.

With a client-centric approach and continuous commitment to improving credit offering, the Bank remains positioned to continue its growth trajectory in 2025 and further consolidate its position as one of the leaders in the credit market.

Segment	Credit exposure 2023'000	Share percentage in 2023	Credit exposure 2024'000	Share percentage in 2024	Credit exposure 2025'000	Share percentage in 2025
NVM	124,242	28%	140,746	28%	150,680	26%
Leasing	32,107	7%	40,492	8%	38,723	7%
Corporate	151,978	34%	157,984	32%	200,293	35%
Individuals	142,213	32%	161,888	32%	184,504	32%
Total	**450.540**	**100%**	**501.110**	**100%**	**574.200**	**100%**

Banka Ekonomike

CORPORATE CLIENTS

Year 2025 marked a successful and stable period for the Corporate Department, with significant growth in the loan portfolio, deposit base, client activity, and operational efficiency. These results reflect a clear development strategy, careful risk management and continued trust from corporate and institutional clients.

Portfolio Growth and Management

During 2025, the loan portfolio increased by 41.3 million euro, which translates into an annual growth of 26.05 percent. This performance reflects the growing demand for financing and the bank's ability to support the development of its clients. Despite the increase in volume, the Department has maintained a high level of professionalism and efficiency, through careful risk analysis and adaptation to dynamic market conditions.

Deposit Stability and Structure

Client deposits increased by 34.6 million euro during 2025, marking an increase of 29.71 percent compared to the previous year. The deposit structure remained balanced:

- 35 percent on current accounts
- 65 percent in time deposits

This structure ensures financial stability and flexibility in liquidity management, optimizing the cost of funds.

Interest Rate on Lending Portfolio

The weighted interest rate on the lending portfolio increased by 0.09 percent, reflecting a prudent pricing strategy and effective risk management. This has contributed to maintaining the net interest margin, thus remaining competitive in the market.

Client Activity and Turnover

During 2025, client turnover and outgoing transfers increased by 161 million euro compared to 2024. This increase demonstrates the expansion of client financial activity and increased confidence in bank's operational capacities.

Disbursements and Financing

Total disbursements increased by 39.73 million euro during 2025, reflecting the bank's ability to offer flexible and personalized financing solutions. This directly contributed to the expansion of the lending portfolio and the increase in interest income.

Client Base Expansion

During the year, the Department managed to open over 37 new accounts, further expanding the bank's presence in the corporate segment and strengthening its position in the market.

Portfolio Quality and Non-Performing Loans

The level of non-performing loans (NPL) reached 1.03 percent in 2025. Although it represents a slight increase compared to the previous year, this level remains controlled and within manageable limits. Through continuous monitoring and proactive communication with clients, the Department continues to focus on maintaining portfolio quality and financial stability.

Expansion of Payments and POS Terminals

During 2025, 858 new POS terminals were deployed to clients, increasing the capacity for electronic payments and improving the end-client experience.
As a result:

- Turnover from POS terminals reached over 44 million euro
- Commission income increased
- Offer for businesses was improved

Conclusion

2025 performance positions the Corporate Department as one of the main pillars of the bank's growth. With a healthy portfolio, sustainable growth, and high operational efficiency, the department enters the coming years with a clear perspective and ambition to deepen its impact on the bank's development and support of local businesses.

Banka Ekonomike

SMALL AND MEDIUM BUSINESS CLIENTS

Considering the key role of small and medium-sized businesses in economic development, employment generation, and creating new values, during 2025, Banka Ekonomike has continued to support this segment with high commitment. Through a client-oriented approach and trust in the capacities of businesses, the bank has ensured continuity in lending and improvement of services for this category.

Portfolio growth and financial support

This focused approach has resulted in positive performance, with the segment growing by 10 million euro, reaching a loan portfolio of 150.6 million euro at the end of 2025.
The guarantee fund has also played an important role in this development, which, through its instruments, has facilitated access to finances for businesses, especially for clients facing restrictions in providing collateral.

Inclusion and Development Initiative

During 2025, the bank has been active in important initiatives for the development of this segment, including participation in the WE Finance Code program in cooperation with Banka Qendrore e Kosovës.

As part of this initiative:

- continuous meetings with stakeholders have been held;
- credit policies have been updated;
- products dedicated to women entrepreneurs have been created.

These steps have contributed to improving access to finance and empowering women in business.

Expanding Payment Infrastructure

Responding to market demands and needs of businesses, during 2025, the payment network was significantly expanded:

- Over 1,450 POS terminals distributed throughout the whole territory of Kosovo
- They generated over 38 million euro

This development has enabled increased sales efficiency for businesses and significantly improved the experience of end clients.

Portfolio Quality and Professional Approach

In terms of portfolio quality, the segment has maintained high stability, keeping the level of non-performing loans within acceptable parameters. This testifies to a professional and careful approach to the management and maintenance of the portfolio.

Integrated Approach to the Client

In addition to lending, the segment is also focused on cross-selling, offering an integrated range of banking products and services. This approach has made it possible to more fully address the needs of clients and strengthen long-term relationships with them.

Conclusion

Overall, the performance of the SME segment through 2025 reflects steady growth, continued support for businesses, and a strong market positioning. Commitment to innovation, financial inclusion, and portfolio quality ranks this segment as one of the main contributors to the development of the bank and the economy as a whole.

RETAIL BANKING

Segment Performance and Development

During 2025, Banka Ekonomike recorded stable and positive results in the retail banking, significantly strengthening its position in the market and increasing loan and deposit portfolio.

Through a modern and client-oriented approach, the bank managed not only to maintain the loyalty of existing clients, but to also attract a significant number of new clients. This has been achieved through the development of personalized products and offers tailored to different profiles and financial needs.

The continuous focus on developing and improving client experience has directly influenced the increase in engagement and use of banking services. Thanks to this commitment, thousands of new clients have joined Banka Ekonomike during 2025.

Product Development and Client Engagement

During 2025, continuous improvement of existing products and launching new innovative offers played an important role in achieving results.

Through targeted campaigns and promotional activities:

- clients benefited from competitive conditions in credit and deposit products;
- awareness of bank's offers increased; and
- the long-term relationship with clients was strengthened.

One of the most distinguished initiatives was organizing a time deposit sweepstake where the main prize was an apartment in Pristina, thus significantly increasing the interest and participation of clients.

Key Results

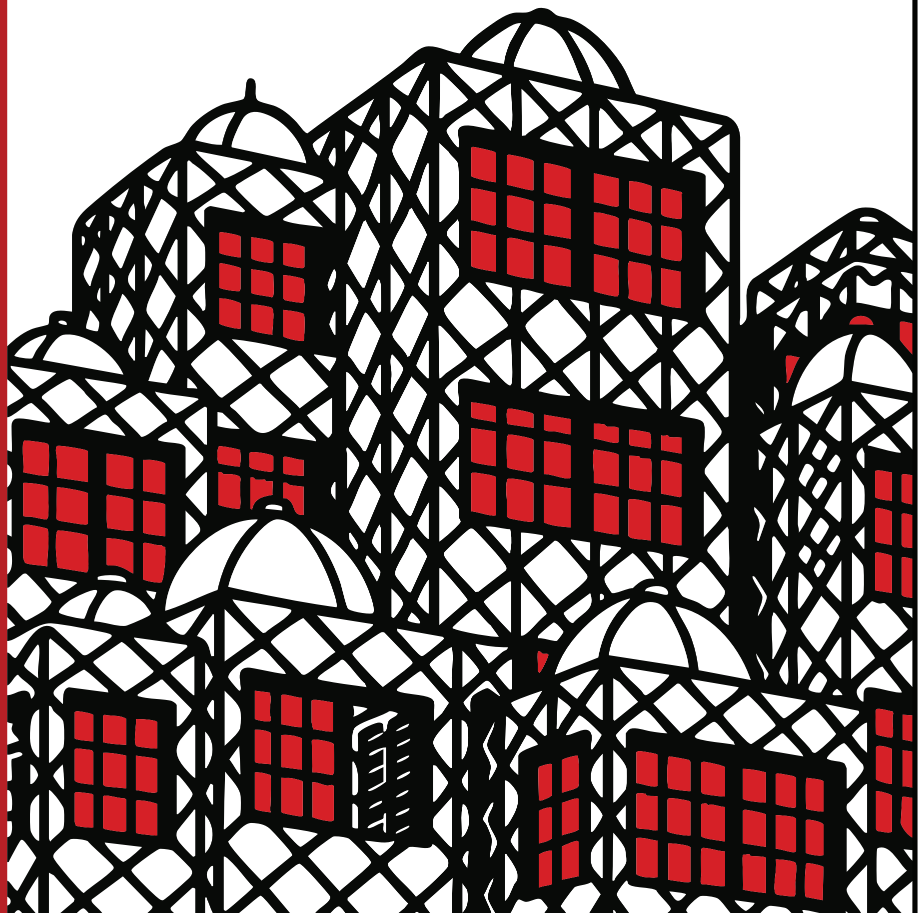
The performance of the Department of Individual Clients during 2025 is reflected in the concrete growth of key indicators:

- The number of current accounts increased by +11,543;
- Individual credit portfolio increased by +22.851 million euro;
- Deposits marked an increase of +66.571 million euro.

These results prove a stable growth trend and confirm the trust of clients in the bank, as well as the quality of services offered.

Internal Cooperation and Efficiency

Close cooperation between branches and departments has been a key factor in realizing our strategic objectives. This coordination has enabled a more unified approach to the client and has directly contributed to the growth of the loan and deposit portfolio.
Overall, year 2025 confirms the commitment of Banka Ekonomike to be the first choice for private individual clients and a reliable financial partner.



DISTRIBUTION CHANNELS AND BRANCH NETWORK

Network Expansion and Modernization

Throughout 2025, Banka Ekonomike has continued investments in the modernization of its physical network and in improving the client experience in the branch.

At the end of the year, the network consisted of 36 branches, of which 7 main branches and 29 sub-branches, providing wide coverage and easy access to clients throughout the territory.

The modernization of branches included:

- creating more functional and comfortable spaces for clients;
- equipping with advanced banking technology; and
- professional development of front-line staff to provide better quality services.

Infrastructure Development – ATMs and POS

Number of branches in the Banking market

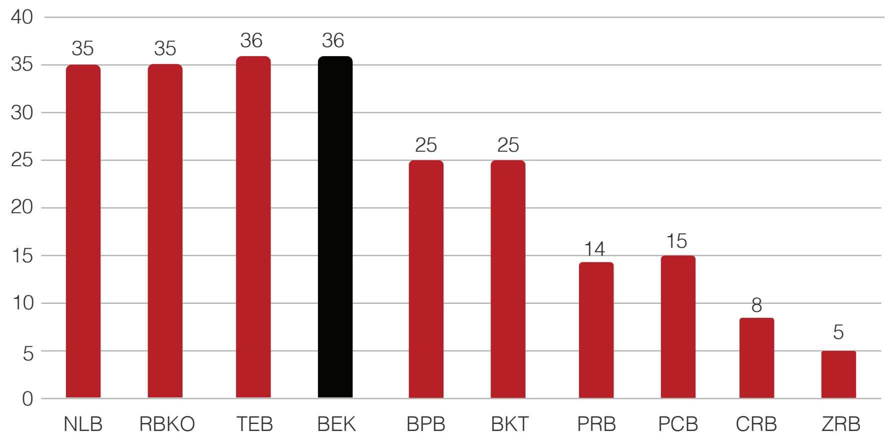


FIGURE 12
Share of Banka Ekonomike in the banking market in terms of the number of branches

ATMs

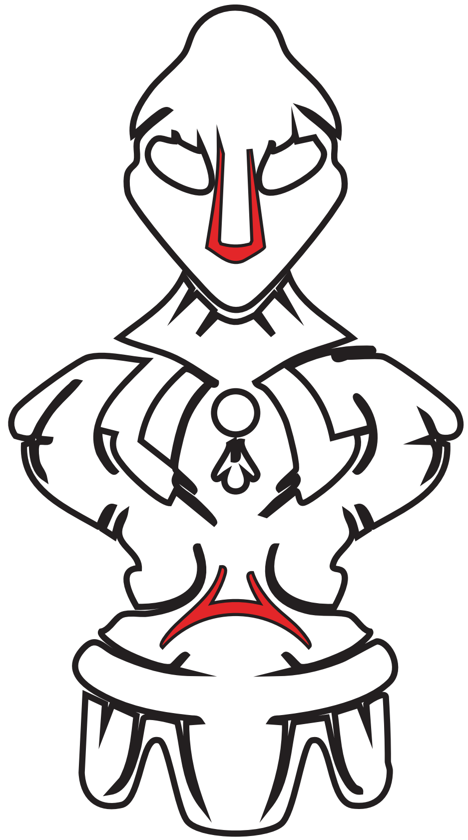
In 2025, there was a significant increase in the number of ATMs and their use:

• **Increased number of ATMs**: the number of ATMs increased to 67 units all over Kosovo.
This increase shows an enhanced payment infrastructure and orientation towards facilitating access for clients.

POS Terminals

In continuation of investments started in previous years, Banka Ekonomike has expanded the network of POS terminals, focusing on updated technology, efficiency, and continuous support for businesses in the country.

• **Total number of POS Terminals in the end of 2025: Over 2000**



ALTERNATIVE SERVICE CHANNELS – CALL CENTER

The Call Center has been one of the main pillars in improving client experience during 2025.
Through investments in technology and staff training, we achieved:

- Efficient management of a significant number of calls and requests;
- Improved response time;
- Enhanced quality in handling and resolving requests; and
- Provided ongoing 24/7client support.

Conclusion

The Department for Individual Clients and the development of distribution channels throughout 2025 have contributed significantly to the sustainable growth of Banka Ekonomike.
These developments contributed to strengthening:

- proximity to clients;
- operational efficiency; and
- competitive position of the bank in the market.

LEASING

During 2025, the leasing service has continued developing at a steady pace, reflecting the bank's commitment to offer flexible and competitive financing alternatives to clients. Expanding the range of products and deepening the cooperation with construction companies and car dealerships have directly influenced the increase in the demand for financing through leasing.
This approach has enabled a greater exploitation of market potential and attracting new clients and strengthening relationships with existing clients.

Portfolio Performance and Development

During 2025, the main focus has been maintaining the quality of the active leasing portfolio. This has influenced the growth to be more moderate compared to previous years, but still positive and stable.

- Individual clients have recorded an increase of 15%
- The number of leasing contracts has increased by 7%

The active leasing portfolio at the end of 2025 has reached 38.72 million euro, distributed according to the segments below:

Segment	Amount
Corporate Clients	12.55 milion
SME	21.14 milion
Retail Clients	5.03 milion

These results reflect a balanced portfolio structure and a stable presence in all key market segments.

Success Factors

The steady growth of leasing is the result of several key factors:

- continuous expansion of financial products;
- strengthening strategic partnerships;
- clear orientation towards client needs; and
- continuous commitment of the team to providing quality services.

These elements have contributed to building a solid base of trust with clients and increasing competitiveness in the market.

Future Outlook

Considering the positive trend and growing potential of this segment, the Bank intends to continue investing in the further development of leasing. A special focus will remain on expanding the offer, increasing flexibility of products and, tailoring to changing client needs.
In this regard, leasing is expected to remain one of the important financing pillars, contributing to sustainable growth and supporting the economic development of clients.

DEVELOPMENT OF INSURANCE AND BANCASSURANCE

Strategic Partnership with KS Siguria

During 2025, the cooperation between Banka Ekonomike and KS Siguria has been further consolidated into a structured and stable strategic partnership. This cooperation reflects a harmonized approach towards increasing operational efficiency and expanding a joint offer of financial and insurance products.

Both institutions have demonstrated continuous commitment in building and improving functional processes and integrating relevant expertise and capacities, in order to create added value for clients. As a result, throughout 2025, objectives defined in the synergy strategy were achieved, confirming the efficiency and sustainability of this cooperation model in the long term.

The unified approach to product development and campaign implementation has contributed to strengthening the position of both institutions in financial and insurance markets.

Product Integration and Joint Offer

During the reporting year, the products of KS Siguria were continuously integrated into the offers and promotional campaigns of Banka Ekonomike, becoming an integral part of the banking packages.

This coordinated approach made it possible to create a balanced and competitive offer, which not only increases the benefits for clients, but also contributes to improving their experience. Insurance products are also included in rewarding campaigns, both for clients and for staff, expanding the impact of cooperation beyond the commercial dimension.

This level of integration forms a solid basis to further develop interconnected products and create innovative solutions in the future.

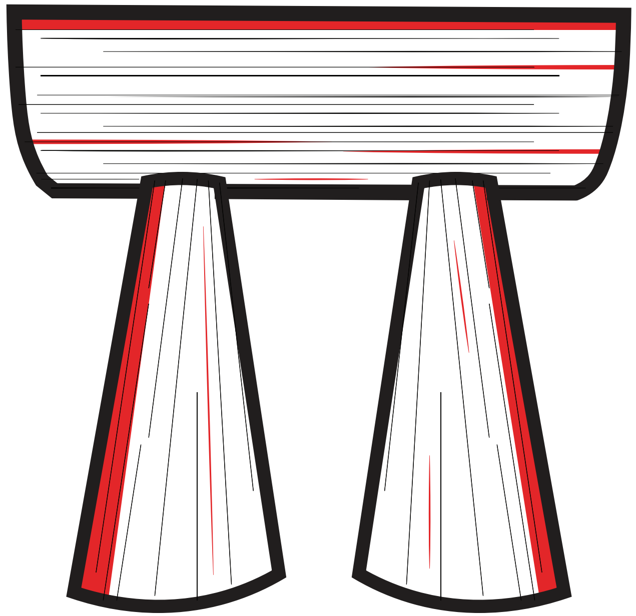
2026 Planned Developments

In 2026, Banka Ekonomike intends to take an important strategic step through licensing as an intermediary in Life and Non-Life insurance.

This development represents a natural expansion of the bank's activity and is expected to contribute to:

- providing more complete and personalized solutions for clients;
- improving client experience through an integrated "one-stop-shop" model;
- diversify income sources; and
- strengthen the bank's position as a modern and innovative institution.

At the same time, this process is expected to further deepen the cooperation with KS Siguria, creating new opportunities for joint development.



PRODUCT DEVELOPMENT AND BUSINESS SUPPORT

Innovation and Transformation of the Banking Experience

During 2025, Banka Ekonomike has continued the development and improvement of its products and services, placing special emphasis on digitization, simplification of processes, and creating innovative solutions for clients.

Through the commitment of the Product Development and Business Support Department, initiatives have been implemented that have increased operational efficiency and significantly improved client experience, steering the bank towards a more modern and flexible service model.

Implementation of New Services

DCC (Dynamic Currency Conversion)

During 2025, the DCC service was implemented in the bank's POS terminal network. This service enables international clients to make payments in the currency of their card, increasing transparency during transactions.

The implementation of this functionality has improved the experience of international clients and has brought added value to the bank through increased payment flexibility.

Website Chatbot

In the framework of improving communication with clients, during 2025, a chatbot was developed and implemented on the bank's website.

This development has enabled:

- providing immediate assistance 24/7;
- reducing the load on traditional service channels; and
- significantly improving client experience.

Initiative to Support Special Segments

Support to Women in Business

During 2025, Banka Ekonomike has participated in "We Finance Code" initiative, in cooperation with the Central Bank of Kosovo.

Within this initiative, we:

- took steps to improve access to finance for women entrepreneurs;
- developed products and services dedicated to this segment; and
- contributed to the economic empowerment of women and sustainable development.

This initiative represents an important institutional commitment towards financial inclusion and equality in access to finance.

Promoting Digital Channels

As part of the strategy to increase the use of digital channels, the bank has developed a series of targeted campaigns during 2025.

The main focus has been on:
- promoting the use of bank cards;
- increasing the use of POS terminals; and
- activating the BEK mobile application.

These initiatives have affected an increased use of digital services and improved client access to banking products.

Development of Digital Functionalities

OTP through e-mail

During 2025, a new functionality was developed in the e-Banking platform and the BEK mobile application, which enables sending an OTP (One-Time Password) code via email in cases when sending via SMS is not possible.

This development has contributed to:
- ensuring continuity of digital services;
- reducing interruptions during the authentication process; and
- improving client experience.

At the same time, steps have been taken to update and correct client data, ensuring more efficient operation of this service.

Conclusion

During 2025, product development and business support have played a key role in transforming the banking experience, bringing innovation and efficiency to service delivery.

These initiatives have contributed to:
- increased use of digital channels;
- improved client experience; and
- strengthened competitive position of the bank in the market.

Going forward, the bank remains committed to developing new solutions and further advancing digital transformation in line with client needs and market trends.

LOAN RISK MANAGEMENT

Healthy Portfolio for Long-Term Stability

Credit risk management remains one of the most critical functions for ensuring the financial stability of Banka Ekonomike, directly affecting the quality of the lending portfolio and the long-term sustainability of the institution.

During 2025, the Bank significantly advanced its risk analysis models, implementing sophisticated methodologies for assessing borrowers' solvency and minimizing risk exposures. These improvements have contributed to maintaining portfolio sustainability and ensuring exposures are consistent with the defined risk tolerance.

Non-Performing Loans (NPL) Performance

During the reporting year, a moderate increase in the level of non-performing loans was observed, mainly influenced by macroeconomic factors and cyclical fluctuations in the market.

Key Indicators – NPLs

Year	Extent of NPL
2024	2.06 percent
2025	2.65 percent

Nevertheless, this increase:

- remains within manageable limits;
- is below the perceived risk level for the sector; and
- does not compromise structural stability of the portfolio.

Stabilization and Improvement Measures

To address this development, the Bank has intensified activities in several key areas:

- strengthening recovery processes;
- targeted restructuring of problematic exposures;
- continuous and proactive portfolio monitoring.

These measures have created a stable basis for the gradual reduction of non-performing loans in the coming periods.

Overall Performance Evaluation

Overall, the performance of the loan portfolio remains stable. The measures taken have positioned Banka Ekonomike to:

- absorb short-term market fluctuations;
- maintain portfolio quality; and
- continue a positive trend in credit risk management.

Banka Ekonomike

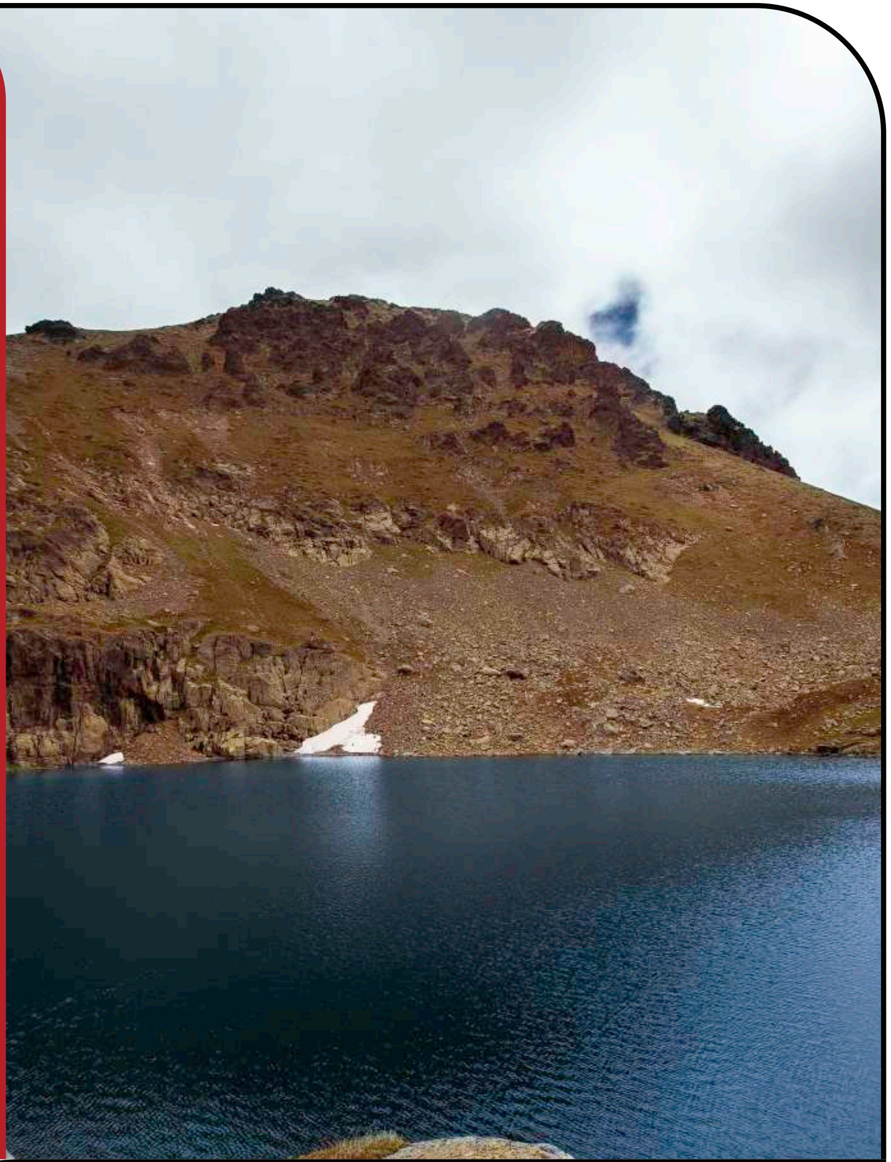
OPERATIONAL RISK MANAGEMENT

Operational Efficiency and Control

During 2025, Banka Ekonomike continued to advance in operational risk management, strengthening control mechanisms, and increasing the efficiency of internal processes.

Particular focus has been placed on:
- digitization of critical processes;
- automation of operational activities; and
- reducing human error.

These initiatives have directly impacted:
- increased operational transparency;
- improved internal control; and
- increased efficiency in daily operations.



CREDIT RISK

Role and Importance in Risk Profile

Credit risk remains one of the most important components in the overall risk management of Banka Ekonomike, directly affecting the quality of the loan portfolio and the long-term financial sustainability of the institution.

During 2025, the bank continued to strengthen its approach to credit risk management, taking sustainable steps in advancing analytical processes and applying more sophisticated methodologies for assessing the risk and solvency of clients. These developments aimed to minimize exposure to potential credit losses and improve the quality of lending decision-making.

Strengthening Monitoring and Evaluation Processes

As part of the commitment to ensure a healthy portfolio, reinforced loan monitoring and review standards were implemented during the reporting year.

Key measures included:

- more in-depth analysis of client cash flows;
- more frequent reviews of high-risk exposures;
- strengthening of assessment processes in the pre-lending phase.

Through these proactive approaches, the bank's credit exposure has been maintained within the risk tolerance levels set by internal policies.

Credit Portfolio Quality

As a result of continuous measures to control and review the loan portfolio, the bank managed to maintain a stable portfolio quality, despite changes in the economic environment.
During 2025, the level of non-performing loans marked a slight increase, which mainly reflects the impacts of external factors and macroeconomic developments. However, this increase is considered controlled and in line with risk management expectations.

Financial Resilience and Stability

Thanks to continuous discipline in the lending process, improvement of risk forecasting models, and increased efficiency in monitoring and collection, Banka Ekonomike has demonstrated a sustainable ability to manage the impacts of market fluctuations. These measures have contributed to:

- maintaining financial stability;
- strengthening loan portfolio resilience; and
- effectively addressing macroeconomic challenges.

Strategic Approach and Perspective

Banka Ekonomike has further consolidated its position in effective credit risk management following a balanced approach between portfolio growth and prudent risk control.

This commitment remains a strong foundation for:

- long-term financial stability;
- sustainable development of lending activity; and
- maintaining portfolio quality in the following periods.

Integrated Portfolio Assessment (IŞ Bank)

The portfolio purchased from IŞ Bank (Kosovo Branch) has been assessed in detail from a credit risk perspective, with a focus on:

- determining the quality of exposures;
- identifying the need for provisioning; and
- analysis of the impact on the overall structure of the bank's portfolio.

This process has ensured a controlled integration and in accordance with internal risk management standards.

RISK MANAGEMENT

Financial stability, proactive approach, and resilience to market challenges

LIQUIDITY RISK

Sustainable management and maintenance of a strong financial base

During 2025, liquidity management continued to be one of the main pillars of the Bank's financial stability, guaranteeing the ability to meet its obligations to clients and partners at all times. The Bank has maintained a balanced and stable liquidity structure, ensuring sufficient reserves to cope with operating flows and changes in market conditions.
The deposit structure played a key role in this stability, where term deposits have continued to constitute a significant part of the financing base. This composition has directly impacted the provision of stable financial resources in the medium and long term, reducing exposure to immediate withdrawals and increasing the ability to predict cash flows.

The Bank has continued to exceed regulatory requirements for the Liquidity Coverage Ratio (LCR), as well as the Basel Framework, while maintaining a healthy ratio between liquid assets and short-term liabilities. This high level of compliance reflects a prudent and disciplined approach to liquidity management.

These results are supported by several key factors:
- Stable structure of term deposits, which has provided a reliable source of financing and has contributed to reducing the risk of short-term fluctuations;
- Proactive approach to managing financial resources, ensuring sufficient reserves are maintained and readiness for rapid response to unforeseen situations;
- Diversifying funding sources, reducing dependence on certain segments and increasing financial flexibility.

To further strengthen this balance, the Bank has also undertaken a series of strategic actions:

- Investments in liquid instruments, including government bonds and interbank instruments, providing immediate access to funds;
- Implementation of advanced stress analyses, which simulate different scenarios and test resilience under adverse conditions;
- Continuous improvement of liquidity management practices, integrating the best international standards.

This integrated approach has enabled the maintenance of a strong liquidity position and has created the basis for long-term financial stability.

MARKET RISK

Balanced approach and continuous monitoring of exposures

Market risk management during 2025 has been focused on identifying and managing the impacts of fluctuations in interest rates and exchange rates. The Bank has followed a prudent and balanced approach to these exposures, using advanced analytical tools to assess the impacts on financial performance.

Through regular analyses and simulations of various economic scenarios, the timely identification of potential risks has been achieved and appropriate measures have been taken to mitigate them. These processes have significantly strengthened the Bank's ability to react to volatile market conditions and maintain financial stability.

The key elements that have characterized this approach include:

- Continuous monitoring of market fluctuations and their impact on the financial portfolio
- Implementation of stress analyses for different economic scenarios
- Use of analytical models for measuring and controlling exposures

In line with the highest industry standards, the Bank has maintained a balanced structure between assets and liabilities, reducing sensitivity to sudden changes in interest rates. This approach has directly impacted the maintenance of financial stability and the protection of interest margins.

Overall, market risk management during 2025 has reflected a high level of discipline and a clear orientation towards long-term sustainability.

INFORMATION TECHNOLOGY (IT) RISK

Advanced security, modernization, and increased operational control

During 2025, the Bank intensified efforts to strengthen capacities in the field of information technology, with particular focus on cybersecurity, operational resilience, and support systems modernization.
In response to the increase in cyber threats and market complexity, significant investments have been made to improve technological infrastructure and reduce exposure to risks.

The main measures taken throughout the year include:

- Advanced monitoring of networks and systems, through specialized tools for real-time threat detection and prevention
- Increasing internal capacities in IT management, including the gradual transfer of functions from third parties to internal structures
- Investments in technological infrastructure, including updating servers, networks, and security mechanisms
- Starting migration towards a new, more advanced banking system, which aims to improve security, efficiency, and risk management

This transformation has led to increased internal control, reduced dependence on external services, and faster response to technological incidents. Furthermore, improvements in infrastructure have contributed to increased performance and stability of critical systems.
Overall, the management of information technology risk during 2025 reflects a high level of maturity and a clear orientation towards modern security and operational standards, creating a strong foundation for the Bank's future digital developments.

PAYMENTS AND OPERATIONS

Development and Modernization of Services

Throughout 2025, Banka Ekonomike continued its commitment to improving banking services by developing and implementing modern projects focused on advancing operational processes and meeting legal regulatory requirements, both domestic and international.
This approach has increased efficiency and improved service quality, positioning the bank as one of the main players in the market, offering a faster, safer, and more efficient banking experience.

Client Migration and Operational Integration

The Payments and Operations Department played a key role in the successful implementation of the migration of IŞ Bank (Kosovo Branch) clients, following the acquisition process.
Thanks to detailed planning and close cooperation with other relevant departments and the implementation of operational processes, the migration was carried out without any negative impact on the client experience, supporting the long-term objectives of integration, growth, and strengthening the bank's position in the market..

Payment Digitization and Innovation

As part of the strategy for the modernization of payment services, several key initiatives were implemented during the reporting year:

- Advanced e-Banking platform, offering faster, safer, and easier services to clients;
- Optimized internal processes and reduction of payment processing time;
- Automated operational processes, thus increasing efficiency and accuracy.

The Bank has also been an active part of banking sector initiatives within the framework of the National Payments Council of the Republic of Kosovo, in order to modernize and digitalize the payment system.

NATIONAL TRANSFERS

During 2025, the total value of incoming and outgoing national transfers reached 3.02 billion Euro, marking an increase of 14 percent or 2.64 billion Euro compared to the previous year. Outgoing transfers made in branches increased by 5.18 percent in amount, while they decreased by 8.05% in number compared to 2024, reflecting the increasing orientation of clients towards digital channels.

- The e-Banking platform recorded significant growth:
- ***13.51percent in the number of transfers***
- ***11.8 percent in their total amounts.***

In total, 68% of national outgoing transfers were executed through digital channels, reflecting increased trust in online banking services.

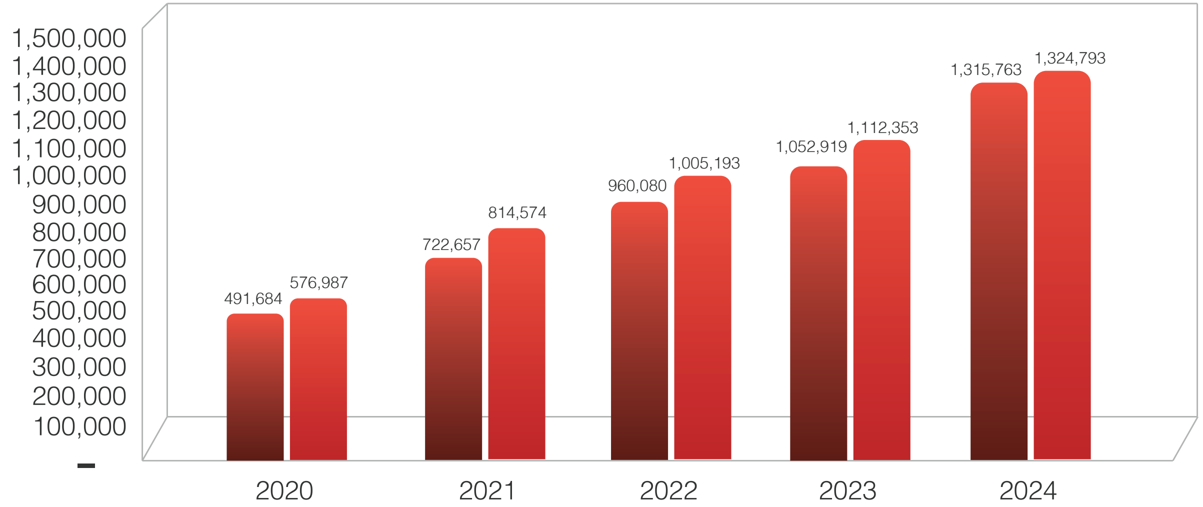


Figure 13: National transfers, incoming and outgoing; All figures are in ‘000 Euro

INTERNATIONAL TRANSFERS

International transfers continued their upward trend in 2025 reaching 680 million Euro, representing a 5 percent increase compared to 2024.

- a 9.41 percent increase in the number of transfers
- a 17.08 percent increase in the amount of transfers

International transfers continued their upward trend in 2025, reaching 680 million Euro, representing a 5 percent increase compared to 2024. In total, 53% of international outgoing transfers were made through e-Banking, reflecting a growing adoption of digital channels and a more advanced client approach to international banking services.

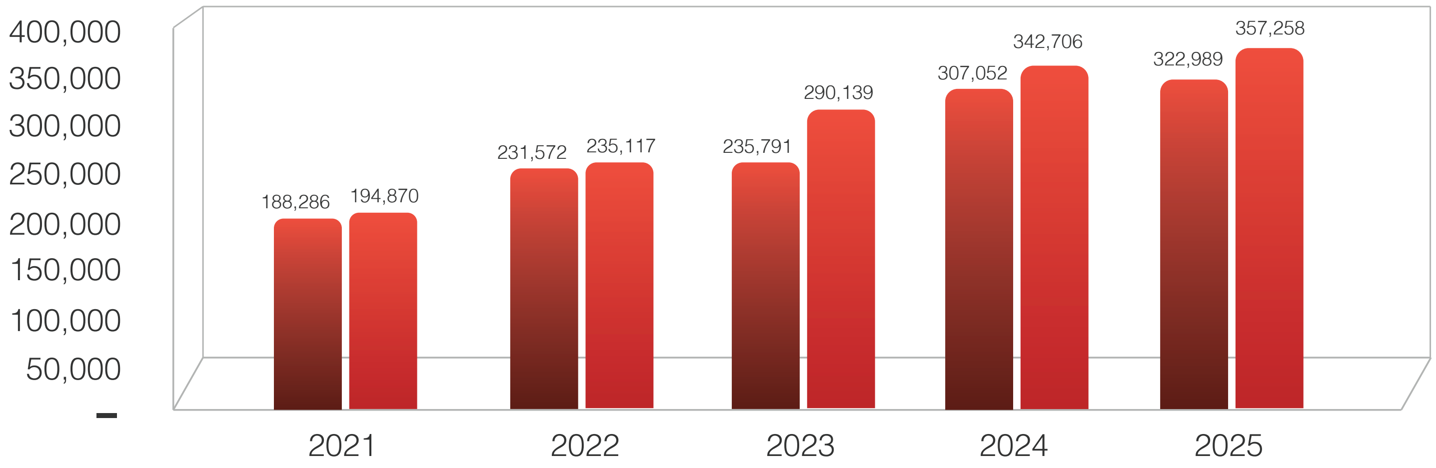


Figure 14. International transfers, incoming and outgoing. All figures are in ‘000 Euro

INTERNATIONAL GUARANTEES AND LETTERS OF CREDIT

In 2025, international guarantees and letters of credit marked a significant increase, reaching a level of around 109 percent in total guarantees compared to the previous year.
This development reflects the expansion of economic activity and increasing use of advanced financial instruments by clients.

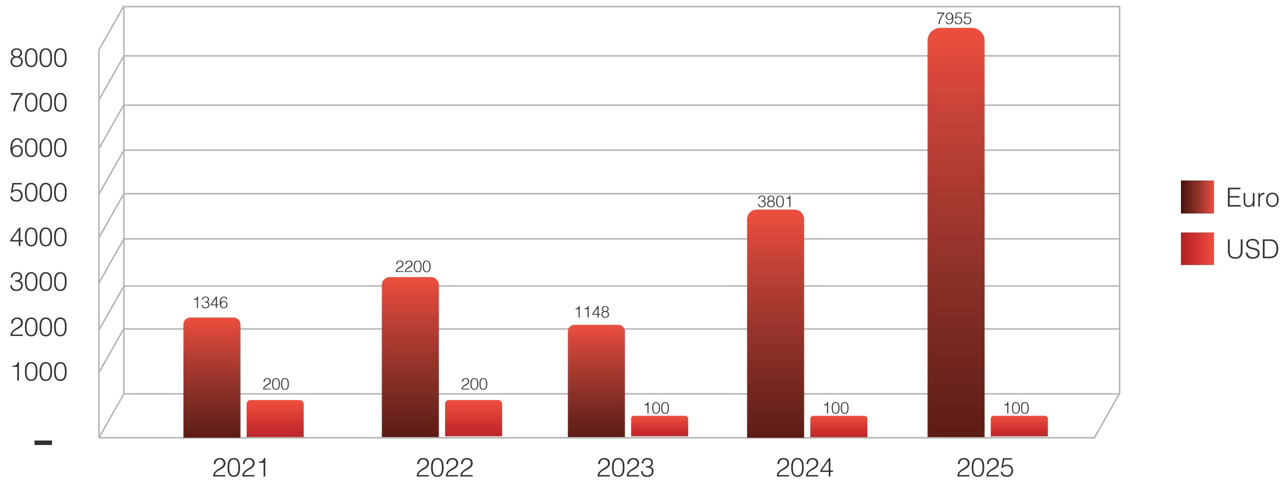


Figure 15. International Guarantees and Letters of Credit over the years. All figures are in ‘000 Euro

BANK CARDS

Card Development and Performance

Banka Ekonomike continues to maintain an important position in the financial services sector, offering a wide range of debit and credit cards to clients both domestically and internationally.

During 2025, there was a significant increase in card usage due to improved offer and orientation towards international payment schemes. The replacement of local cards with international scheme cards has contributed to enhanced quality of services and client experience.

Increased Card Usage

Key Indicators – Cards

Card type	Change 2025
Debit card	+9.19 percent
Credit card	+12.94 percent
Local card	Declining

This trend reflects bank's strategic direction towards international standards and wider card use.

Card Transaction Activity

During 2025, clients of Banka Ekonomike have carried out a high volume of transactions, reflecting a steady increase in card usage.

Key Indicators – Card Transactions

Indicator	2025	Difference
Number of transactions	3,76 milion	15.80 percent more than in 2024
Transaction amount	477 milion	15.26 percent more than in 2024

Purchases and Deposits via Cards

A particular increase has been noted in the use of cards for payments and deposits.

Activity	Change in number	Change in amount
Card purchases	+28.97 percent	+21.2 percent
ATM deposits	+11.17 percent	+21.66 percent

These data demonstrate increased client confidence in using cards for everyday transactions.

ATM Expansion and Modernization

Banka Ekonomike has kept investing in infrastructure, expanding the ATM network and improving their functionality.

Indicator	Number
Total number of ATMs	68
New ATMs throughout the year	2
Deposit module ATMs	33

During 2025, new functionalities were implemented, such as:

- option to choose the reason for the deposit during the transaction;
- integrating marketing into ATMs to promote bank products and campaigns.

These developments have improved client experience and service efficiency, thus having a positive impact and avoiding long waiting lines.

POS Terminal Network Growth

The bank has significantly expanded its market share through its network of POS terminals, increasing client access to electronic payments

Key indicators – POS

Indicator	Number
Number of POS terminals	2,230
Sales points	2,002
Active traders	902
Installment pay POS	1,400

An important development is providing installment payments through POS terminals, improving financial flexibility for clients and increasing the use of credit cards. Such service continues to expand and the number of terminals offering installment payments has reached 1,400.

POS Transactions Performance

Key Indicators – POS Transactions

Indicator	2025	Difference
Number of transactions	4,4 milion	+51.54 percent
Turnover amount	83 milion	+44.15 percent

The significant growth in this area reflects the increasing adoption of electronic payments and the effectiveness of the POS network expansion strategy.

Conclusion

During 2025, the bank card segment and related infrastructure marked significant developments, contributing to:

- increased use of cards;
- expanded payment acceptance network; and
- improved client experience.

These achievements position Banka Ekonomike for further growth in the electronic payments segment and strengthening its role in the market.


Banka Ekonomike
Shitje
Anulo
Rimburso

INFORMATION TECHNOLOGY

Transforming and Strengthening Technological Infrastructure

During 2025, Banka Ekonomike has undertaken a series of strategic initiatives in the field of Information Technology, with the aim of strengthening operational capacities and ensuring long-term sustainability of technological infrastructure.
Investments in systems architecture modernization have contributed to enhanced reliability, security, and efficiency of internal processes, ensuring uninterrupted functioning of critical banking services.

Reorganization of IT Function

One of the most important developments during the year was restoring the full function of Information Technology Department within the bank's structure. This transformation represents a strategic step in:

- strengthening internal control over technological systems;
- increasing professional and technical capacities; and
- reducing dependance on third parties.

As a result, a more stable and flexible structure has been created, with a higher ability to respond to business demands and to more effectively manage technological risks.

Operational Performance and Safety

Strengthening internal capacities has directly reflected in improved operational performance.
The following was achieved in 2025:

- stable functioning of critical systems;
- proactive and more efficient monitoring of infrastructure;
- increasing the level of cybersecurity; and
- reducing operational risks associated with technology.

These developments demonstrate the effectiveness of measures taken towards technological risk management and continuous improvement of systems.

Digital Channel Development

As part of digitization strategy, the bank continued investing in improving electronic channels.
Significant improvements have been made in:

- e-Banking platform
- Mobile Banking application

thereby increasing:

- Ease of use;
- service availability; and
- overall client experience in digital channels.

Banka Ekonomike

Expanding Physical Infrastructure

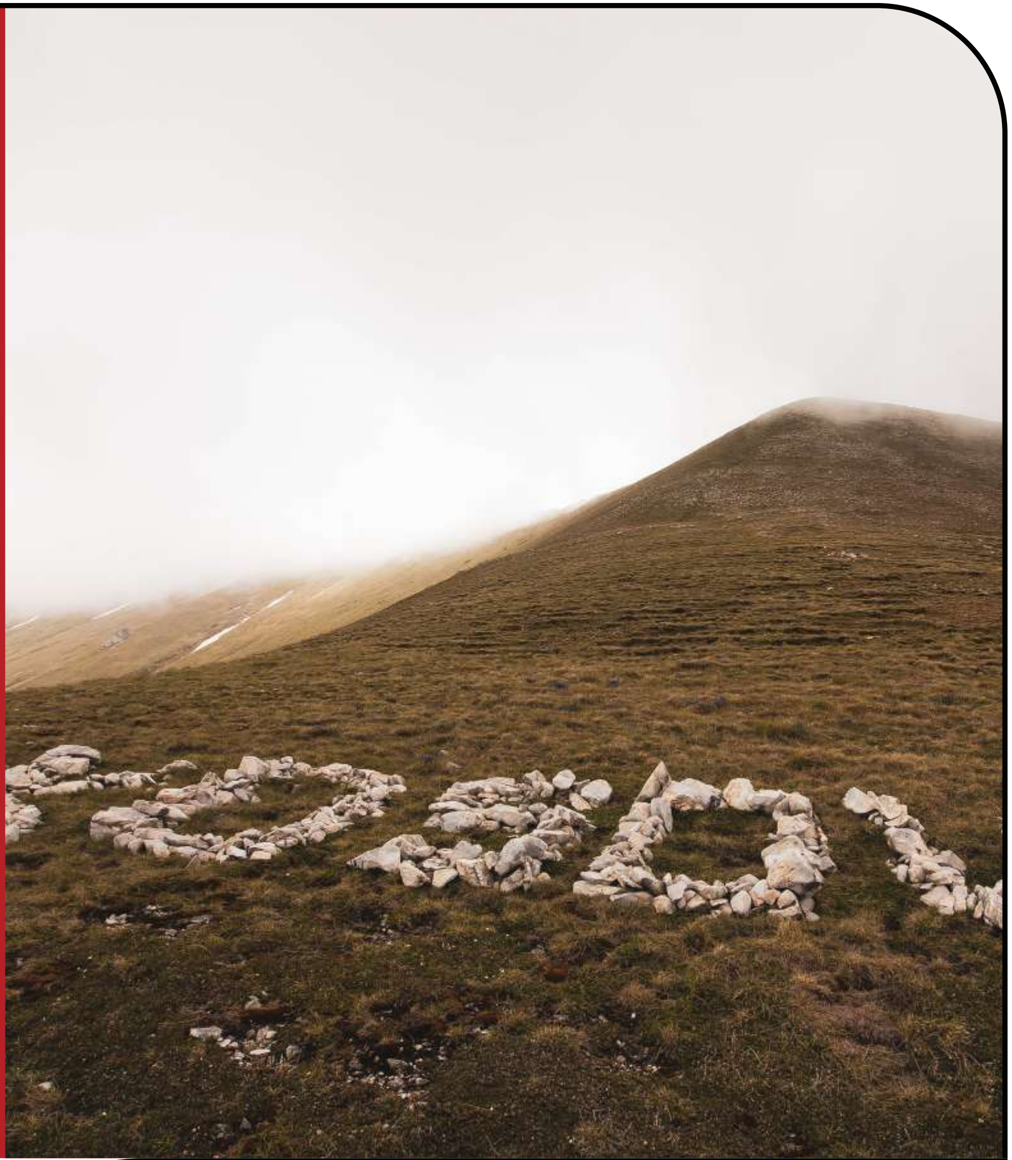
As part of overall development, the bank has expanded its presence in the northern part of the country by opening new branches, supporting the integration of banking services, and increasing access for clients.

Conclusion

Transformations and investments made in Information Technology during 2025 have positioned Banka Ekonomike at a higher level of:

- operational stability;
- technological security; and
- readiness for further digital developments.

These achievements create a strong foundation for supporting the bank's strategic objectives and continuous advancement of services in an increasingly digitalized environment.



FOCUS ON INFORMATION SECURITY

During 2025, the Bank made significant progress in strengthening information security, focusing on increasing protective controls, improving network architecture, and raising staff awareness of cyber risks. This approach has contributed to building a more secure and resilient environment for bank's critical operations.

Strengthening Controls and Infrastructure

One of the main developments during the year has been an increase in the level of security controls at all levels of infrastructure. Concrete measures have been taken to:

- strengthen access control mechanisms;
- advanced activity monitoring;
- improved protection against internal and external threats.

Implementing advanced practices has helped reduce the attack surface and increase operational transparency.

Microsegmentation and Systems Protection

Significant progress was made in microsegmentation of network infrastructure during 2025. This approach enabled:

- more effective isolation of critical systems;
- restriction of lateral movement in case of compromise;
- increased network traffic control;
- faster identification of anomalies.

As a result, the level of protection of critical data and applications has increased significantly.

Awareness and Human factor

In terms of awareness, the bank has developed dedicated campaigns for staff, focusing on:

- identifying phishing attacks;
- safe use of systems;
- information protection and good security practices.

These initiatives have positively impacted user behavior and reduced the risk posed by the human factor, which remains one of the most critical components of security.

Incident Monitoring and Management

The Bank has continued improving its capacities for monitoring and responding to security incidents, ensuring:

- faster identification of events;
- coordinated and effective response;
- minimizing impacts on critical operations.

In 2025, no critical incidents were reported that might have affected bank’s operations or data integrity.

Conclusion

Overall, 2025 is characterized by a more mature and proactive approach to information security. By enhancing controls, network segmentation, and ongoing staff education, the bank has built a strong foundation to meet future challenges and further develop security capabilities.

PERSONNEL MANAGEMENT AND TRAINING

Strategic Approach to Human Capital

Recognizing the importance of staff as one of the most valuable assets for achieving strategic objectives, throughout 2025, Banka Ekonomike continued investing steadily in the management and development of human capital.

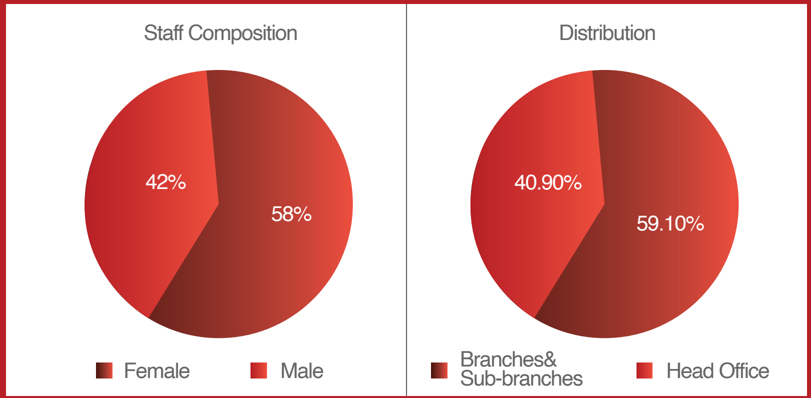
The Human Resources Department has been focused on:

- recruiting profiles suitable for institution needs;
- continuous professional development of existing staff; and
- creating a motivating and inclusive work environment.

In an increasingly competitive job market, the bank has followed a balanced approach between attracting new talent and developing internal potential.

Staff Structure

During 2025, the total number of employees reached 444, of which 58 percent are female and 42 percent male, with a distribution of 59.1 percent in branches and sub-branches and 40.9 percent in the Head Office, reflecting a balanced gender and organizational structure.



Staff Composition
These indicators testify to a good distribution of human resources and a balanced representation.

Talent Development and Academic Collaboration

Banka Ekonomike continued its collaboration with various universities, offering professional development opportunities to students and new graduates. These indicators testify to a good distribution of human resources and a balanced gender representation within the institution.

Internship Program

Students are engaged in concrete projects within the bank, creating a bridge between education and professional practice.

Staff Engagement and Wellbeing

Throughout 2025, the bank continued organizing activities aimed at increasing employee motivation, engagement, and wellbeing.

Main Activities

- Awarding certificates of appreciation to employees with 10 and 20 years of experience, appreciating their long-term contribution;
- Annual socialization in Albania, aiming to strengthen cooperation and communication between teams;
- Hiking in Valbona as a recreational activity to promote a healthy lifestyle;
- End of Year Party to celebrate achievements and strengthen team spirit;
- Voluntary blood donation day as part of the commitment to social responsibility and community solidarity.

These initiatives have contributed to building a positive organization culture and a healthy work environment.

Professional Training and Development

Staff training and development remain an essential component of the strategy of Banka Ekonomike to strengthen human resources and increase organizational performance.
During 2025, a significant number of trainings were carried out for employees from different levels of the organization.

Key Training Indicators

New Staff Training Program

During 2025, it was decided to extend the training period for new staff to 21 days, in order to increase the quality of professional training.

Contents of the 21-Day Program

- Theoretical training on banking policies, products, and processes;
- Practical exercises in bank systems and applications;
- Simulations of real-life work situations and practical solutions.

This program aims to ensure a successful transition of new employees to operational roles.

Key Training Areas
During the reporting year, trainings covered a wide range of professional and technical fields.

Individual Training

- SQL & Power BI
- Prevention of Money Laundering (AML) and Combating Financing of Terrorism (CFT)
- Digital Marketing
- Operational Risk Management
- Accounting
- XML & XML Scheme
- CISO and CND
- Agentic AI Engineering

Group Training

- Leadership andPeople Management
- Self & Client Care
- Advanced Excel and MS Office 365
- Financial analysis
- Confidence and stress management
- Increasing performance

Mandatory and Internal Training

- Data protection
- Information security
- PPP/FT
- Operational risk management
- Internal control
- Health and safety at work

Cooperation and Training with International Institutions

- The bank has continued cooperation with the Assoc
- iation of Banks, where employees have attended advanced training in various fields, including:
- Public Speaking and Media Relations in banking
- AML & CFT – Foundation Level
- Leadership & People Management
- Risk Management and banking regulations
- Sustainable Banking;
- Communications ethics

Additionally, bank representatives have participated in international summits in cities, such as:

- Luxemburg
- Vienna
- Geneva

contributing to knowledge exchange and advancement of institutional practices.

Field Engagement and Process Improvement

During 2025, regular visits were made to branches and sub-branches, with the aim of:

- identifying operational needs;
- enhancing cooperation between units; and
- increasing efficiency of processes.

This commitment will continue in the coming periods as part of efforts to continuously improve organizational performance.

Banka Ekonomike

GENERAL COMPLIANCE

Role and Strategic Approach

During 2025, the General Compliance Department continued to play an essential role in maintaining the integrity of Banka Ekonomike, ensuring the implementation of the highest legal and regulatory standards.

This year was characterized by:

- strengthened control mechanisms;
- building a culture of compliance at all organizational levels; and
- deepening initiatives in the field of personal data protection.

The department has worked intensively on identifying, analyzing, and addressing legal, operational, and privacy risks, thus directly contributing to enhancing the bank's reputation and its secure operation.

Key Initiatives throughout 2025

During the reporting year, a number of initiatives were undertaken that have contributed to increasing the transparency and efficiency of internal processes.

Key Areas of Action

During 2025, the total number of employees reached 444, of which 58 percent are female and 42 percent male with a distribution of 59.1 percent in Branches and Sub-branches and 40.9 percent in the Head Office, reflecting a balanced gender and organizational structure.

Initiative	Description
Policy review	Update internal policies and procedures in accordance with legal and regulatory changes
Data management	Improve data and document management processes
Data protection	Ensure compliance with personal data protection requirements

These measures have enabled the creation of a more stable control structure and have increased institutional accountability in information management.

CORPORATE SOCIAL RESPONSIBILITY

During the year, Banka Ekonomike continued to be an active partner in community development, supporting initiatives in culture, art, education, humanism, and economic development. Through these activities, the bank aims to create value for the society and contribute to a more sustainable future for the country.

Art and culture that inspire the society

"A woman's voice is art. When it becomes a choir, it's a revolution." With this inspiring message, Banka Ekonomike supported this year's **FemArt Festival,** which under the motto "Free your Mind" creates a space for art, activism, and mental wellbeing.






The bank also supported Infinity **Piano Studio**, an organization that works for the development of children through music, including children with special needs, believing that every child deserves equal opportunities to learn and create.






For the third year in a row, Banka Ekonomike was the general sponsor of **Prizren Fest**, an international outdoor theater festival that brings together artists from around the world in the heart of Prizren, turning the city into a vibrant cultural scene.






Banka
Ekonomike

For the second consecutive year, the bank also supported **Ulpiana Fest**, a festival that combines history, art, and cultural heritage of the ancient city of Ulpiana through creative activities, films, and theatrical performances.






In the context of preserving tradition and historical memory, the bank also supported **FardiFest** 2025 in Gradish, an event that brought together different generations through art, sports, culture, and music.





Banka Ekonomike also sponsored the **Kosovo Young Filmmakers Festival**, an international platform for young people aged 15–25 who express their creativity through film.




Community support and solidarity

For the fourth consecutive year, Banka Ekonomike collaborated with the organization Care for Kosovo Kids by contributing to providing medications for children in need, an effort that was awarded a certificate of appreciation by this organization.

The bank also supported the humanitarian activity **“Superheroes in Pediatrics”**, bringing moments of joy and hope to children at the Pediatric Clinic.




In promoting equality and solidarity, Banka Ekonomike was the sponsor of the Humanitarian Minimarathon “Let’s Run Together with Children”, an activity that brought the community together to support children and people with disabilities.




The bank also continued its support to Down Syndrome and Autism Association, standing by children and their families with support and solidarity activities.




As part of raising awareness about women's health, the bank, along with KS Siguria, carried out activities as part of Pink Month, promoting the importance of early diagnosing of breast cancer.




Banka Ekonomike was also the silver sponsor of the humanitarian event "Let's Dance", organized by the Action for Mothers and Children.

Investing in education and young generations

As part of International Money Week, Banka Ekonomike organized educational activities in schools in seven cities in Kosovo, teaching children about the importance of saving and managing finances from a young age.

The Bank also contributed to improving educational conditions by donating technological equipment to “Yllkat” and “Buzëqeshja” preschool institutions in Prishtina.

In collaboration with the Faculty of Economics, bank representatives held lectures for students, presenting internship and professional development opportunities in the banking sector.

The bank also participated in the Career Fair at the Public International Business College in Mitrovica, where students had the opportunity to learn firsthand about employment and career development opportunities at the bank.

Economic development, innovation, and strategic partnerships

One of the most important moments of the year was the approval for the acquisition of assets and liabilities of Türkiye İş Bankası A.Ş. branch in Kosovo, marking an important step in the expansion of Banka Ekonomike and strengthening its presence in the financial market.



The bank also expanded its network with the opening of the first branch in Leposavic, increasing citizens and businesses access to modern banking services.



In the field of financial innovation, Banka Ekonomike was recognized by VISA for launching a modern POS, which brings a faster and more efficient experience for electronic payments.

The bank also expanded its partnership with Kosovo Credit Guarantee Fund within the framework of the GROW program, creating new financing opportunities for businesses and investments in clean energy.

Through participation and support of Brezovica Economic Forum, Banka Ekonomike contributed to creating an important platform for discussions on economic development and investments in the region.

The bank's contribution to the country's economic development was also recognized by Kosovo Chamber of Commerce, where Banka Ekonomike was awarded the "Taxpayer of the Year" and "Supporter of Local Businesses" awards.

In every initiative, from culture and education to economic development and innovation, Banka Ekonomike continues to remain a reliable partner for the community and an active contributor to the sustainable development of Kosovo.


KB PEJA
Banka
Ekonomike
CHAMPIONSHIPS

SIGURIA

KOMPANIA E SIGURIMEVE

EXECUTIVE MESSAGE – KS SIGURIA

Sustainable growth, digital transformation, and continuous commitment to clients and the community

Fitim Rexhepaj
Chief Executive Officer

Lumbardh Kusari
Deputy Chief Executive Officer

Year 2025 marked an important moment in our company's journey, characterized by strong financial results, high intensity in commercial activity and sustainable growth in all key segments. These achievements represent one of the most successful performances in recent years and testify to the consistency of our strategy and commitment to long-term development.

Year 2025 marked an important moment in our company's journey, characterized by strong financial results, high intensity in commercial activity and sustainable growth in all key segments. These achievements represent one of the most successful performances in recent years and testify to the consistency of our strategy and commitment to long-term development.

This progress is built on a continuous focus on the client and on the commitment to understanding and fulfilling their needs in the most efficient and personalized way possible. During 2025, we managed to realize important strategic objectives while creating sustainable value not only for our clients, but also for partners and the economy as a whole. This approach has strengthened trust in the company and consolidated our position in the market.

One of the main pillars of development this year has been the advancement of digital transformation. In this regard, significant financial and operational investments have been made, which have included:

- Modernizing branches and physical service spaces, creating more functional and convenient environments for clients;
- Developing and improving digital platforms, with a focus on ease of use and increased security;
- Improving communication and interaction channels with clients, making them faster and more efficient.

accessible services, experiencing a new standard in their experience with the company. In parallel, the modernization of technological infrastructure has created the basis for the development of more innovative products and providing more personalized services in the future.

At the same time, the company has continued to play an active role in the community, reflecting its social responsibility beyond financial activity. During 2025, important initiatives were supported in key areas such as:

- Youth education and development
- Health and improvement of living conditions
- Social inclusion and support to categories in need
- Protecting the environment and promoting sustainable practices
- Preserving and promoting cultural heritage

This commitment reflects our belief that the company's impact is not limited to the services it provides, but extends to actively contributing to the development of the society and improving the quality of life in the country.

The performance of 2025 has set a new standard for the company, consolidating its position as one of the most efficient and reliable institutions in the insurance market in the Republic of Kosovo. This success also places us before a new responsibility: to maintain and further advance this level of performance in the years to come.

The results achieved are the outcome of a balanced approach, which has combined:
- Cautious and controlled growth of insurance activity
- Fast and efficient response to reimbursement claims
- Continuous improvement of service quality
- Strategic decision-making based on careful analyses and risk management

At the core of this success lies our team. The professionalism, dedication, and collaboration of our employees have been crucial in overcoming challenges and achieving set objectives. Investing in their development and creating a strong organizational culture have been key elements in building this performance.

In conclusion, on behalf of the Executive Management, I would like to express my sincere gratitude and thanks to:
- Our clients, for their loyalty and continued cooperation
- Our employees, for their dedication, professionalism, and hard work
- Our partners, for effective cooperation and mutual trust
- Shareholders, for their support and long-term vision

Together we have achieved a lot this year and we are convinced that our journey towards success will continue with even more strength, ambition, and dedication in the years to come.

Assets	2025 EUR '000	2024 EUR '000
Cash and cash equivalents	1,082	870
Deposits	14,505	11,682
Investments in securities	4,125	5,082
Insurance receivables	1,753	1,299
Deferred acquisition costs	625	601
Property, equipment, and the right to use property	3,183	2,975
Right to use property	342	311
Intangible assets	97	39
Investment property	895	895
Reinsurance assets	1,098	2,058
Assets from profit tax	0	-
Other assets	656	640
TOTAL ASSETS	**28,401**	**26,452**
Equity		
Share capital	19,503	19,503
Revaluation reserve	534	534
Accumulated losses	(11,992)	(12,846)
TOTAL EQUITY	**8,045**	**7,191**
Liabilities		
Technical provision liabilities	12,431	11,545
Provision for unearned premiums	6,636	6,427
Liabilities to subordinated debt	214	200
Income tax liability	-	164
Rental obligations	356	324
Insurance and other liabilities	573	601
Provisions for litigation	146	-
Total liabilities	**20,356**	**19,261**
Total equity and liabilities	**28,401**	**26,452**

These financial statements were approved by the Company's Management on April 3, 2026 and were signed on behalf of:

Mr.Fitim Rexhepaj
General Director

Mr.Adhurim Kastrati
Financial Director

PROFIT AND LOSS STATEMENT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED ON 31 DECEMBER 2025

	2025 EUR '000	2024 EUR '000
Gross written premiums	14,801	14,460
Minus: Premiums transferred to reinsurers	(896)	(2,055)
NET WRITTEN PREMIUMS	**13,905**	**12,405**
Gross change in unearned premium commission	(209)	(1,258)
Change in reinsurers share of unearned premium reserve	(859)	770
NET PREMIUMS EARNED	**12,837**	**11,917**
Net financial income	390	355
Other income	230	411
TOTAL INCOME	**13,457**	**12,683**
Technical provision expenses	(7,612)	(6,641)
Change in deferred acquisition costs	23	70
Contribution to BKS for administrative expenses	(239)	(257)
Other operating and administrative expenses	(4,560)	(4,828)
TOTAL EXPENSES	**(12,388)**	**(11,656)**
PROFIT/(LOSS) BEFORE TAX	**(1,069)**	**(1,027)**
Income tax	(215)	(269)
PROFIT/(LOSS) FOR THE YEAR	854	758
Other comprehensive income	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR	**854**	**758**

KS SIGURIA PERFORMANCE

In line with the company's long-term strategy and its role in supporting businesses as the country's main employers throughout 2025, KS Siguria has continued to focus on addressing client needs and building sustainable partnerships for mutual growth and development. In line with the business segment, the company has also strengthened its presence in the retail segment, aiming to increase access and improve client experience through the expansion and modernization of the branch network.

An important strategic step has been the integration of services into the Banka Ekonomike network, enabling easier and more efficient provision of insurance products to existing and potential clients.

During 2025, the company has recorded a steady increase in financial performance. Gross written premiums reached 14,801, reflecting an increase of around 2% compared to 2024 (14,460). This growth has been mainly supported by the mandatory insurance segment, which has recorded an increase of 15%, while voluntary insurance has contributed with an increase of 8% compared to the previous year.

The portfolio structure shows a dominance of mandatory insurance, which increased from 6,989 to 8,006, while voluntary insurance increased from 5,137 to 5,555, reflecting a gradual and sustainable diversification of products.

At product level, significant increases were recorded in:

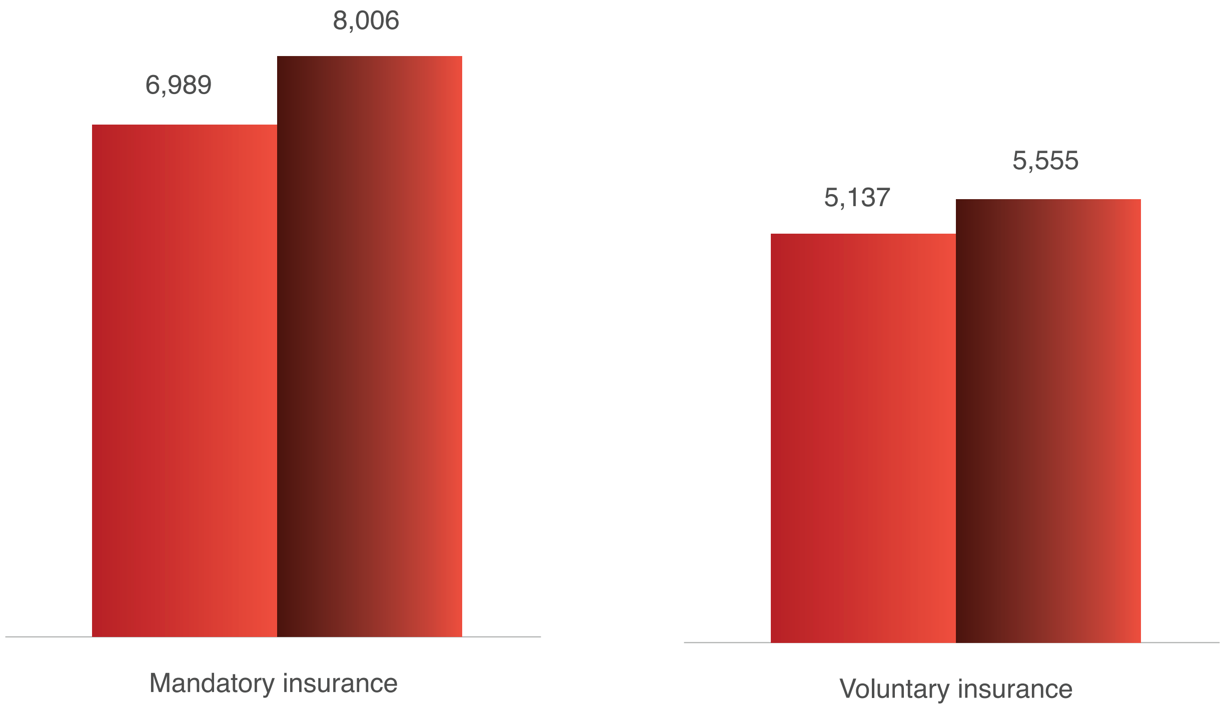
- health and accident insurance;
- Casco insurance; and
- property and guarantee insurance.

demonstrating company's orientation towards products with higher value and growing demand.

As a result of this performance, KS Siguria has achieved a market share of 8.7% for 2025, consolidating its position in the insurance industry.
In terms of claims management, the company has continued the positive trend in fulfilling its obligations to clients. Claims paid reached 6,171 in 2025, compared to 5,760 in 2024, reflecting an increase of about 7%. This indicator confirms the company's commitment to prompt and fair handling of claims for compensation.

Also, KS Siguria maintains a high share in the paid claims market, at 7.3%, proving its reliability and financial stability.
Beyond financial performance, the company has continued to invest in market development through targeted campaigns for health, property, and other voluntary insurance products.

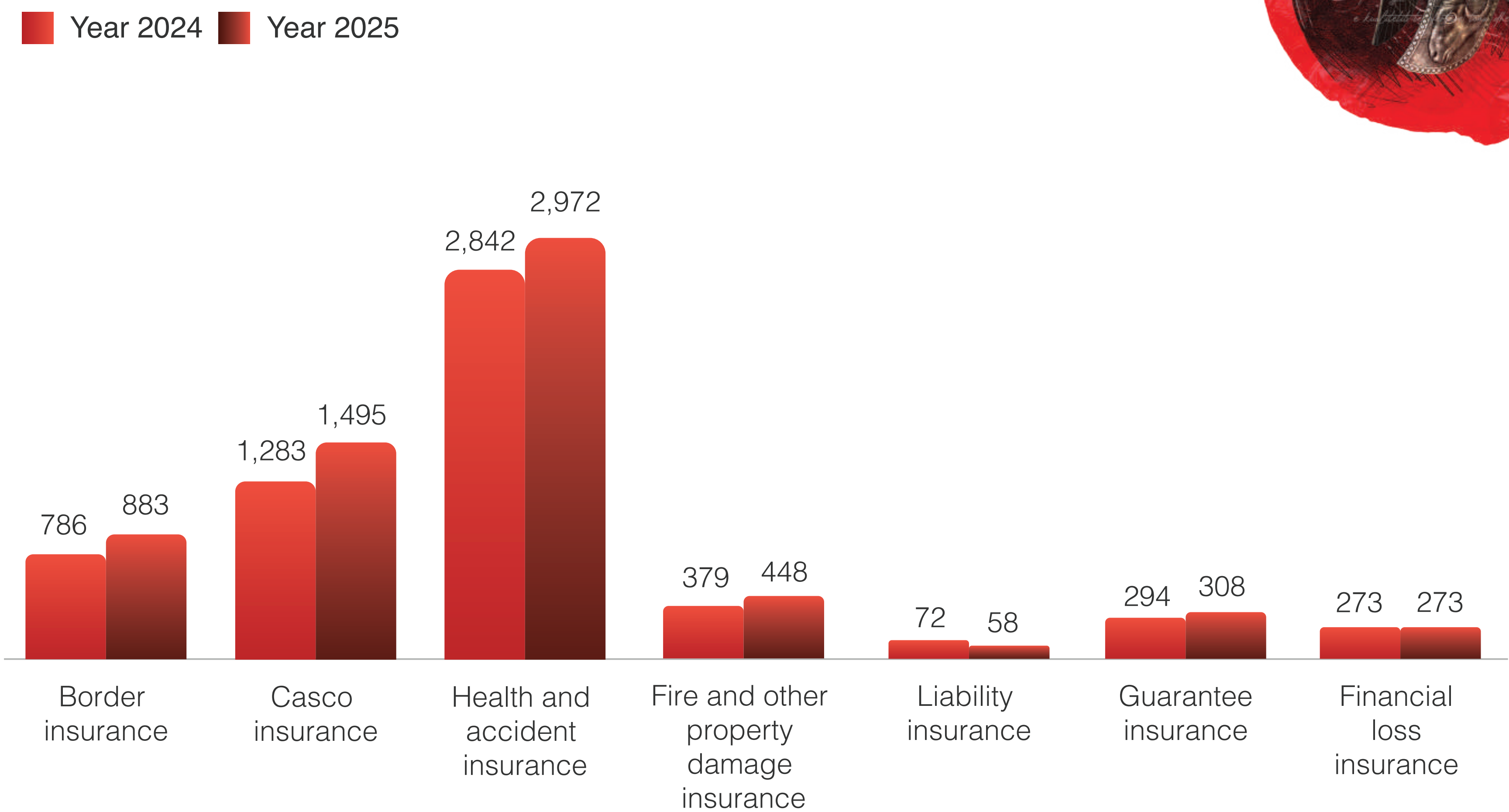
KS 'SIGURIA'S PORTFOLIO IS REINSURED BY REPUTABLE REINSURERS, WITH FINANCIAL STABILITY AND CREDIBILITY IN THE REINSURER MARKETS IN EUROPE.



Mandatory and Voluntary Insurance 2025/2024

Year 2024 Year 2025

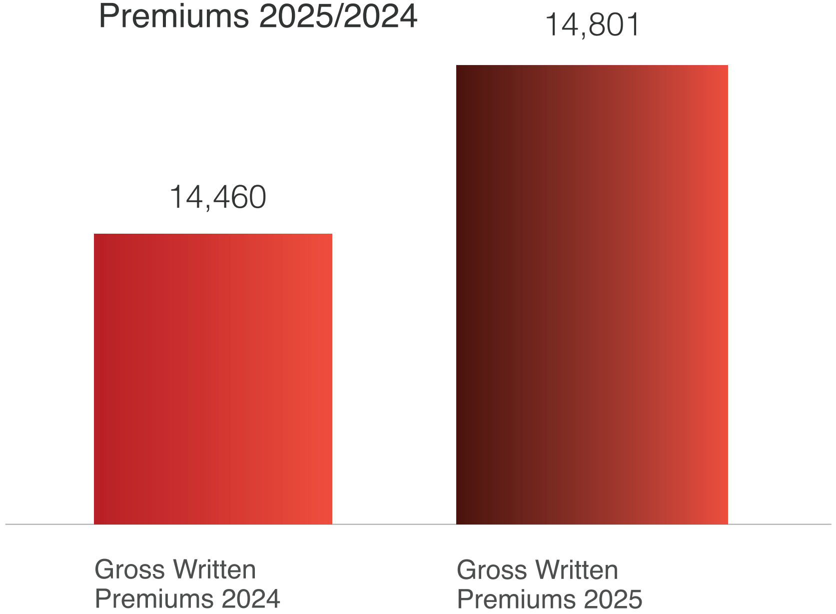
Portfolio of Voluntary Insurance 2025/2024



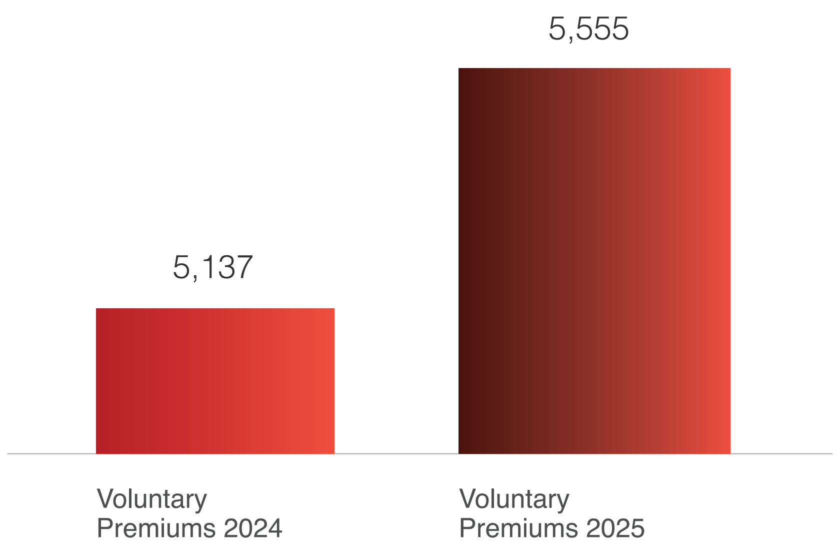
MARKET SHARE

KS 'SIGURIA' marked a slight increase in gross written premiums during 2025 by about 2 percent more compared to the previous year 2024. Referring to gross written premiums, KS SIGURIA has a share of 8.7 percent in the insurance market for 2025.

Gross Written Premiums 2025/2024



Voluntary Premiums 2025/2024

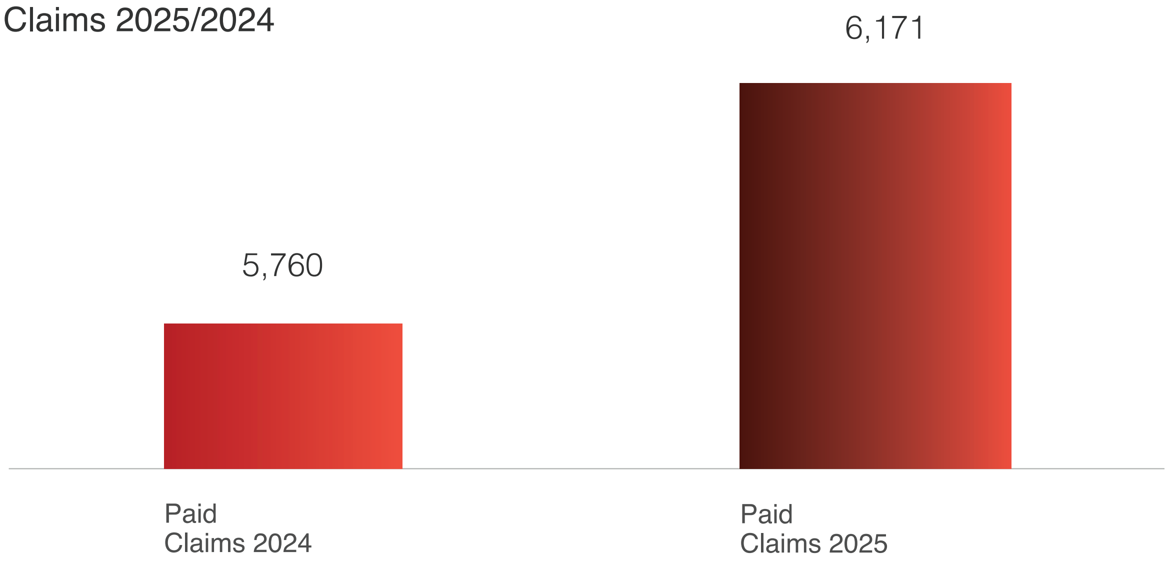


Increase in premiums throughout 2025 results mainly in mandatory premiums, with 15 percent more realization than the previous year 2024, while the increase in voluntary premiums is 8 percent more than the previous year 2024.
KS SIGURIA continues to have a stable trend of market share at 7.5 percent for 2025, in voluntary premiums.

DAMAGES

KS SIGURIA continued the same trend in fulfilling damage payments to indemnified parties throughout 2025, or with an increase of 7 percent compared to the previous year 2024.

Paid Claims 2025/2024



KS SIGURIA continues to have a high share of claims paid at 7.3 percent in the total insurance market for 2025.

SECURITY – CONSOLIDATED GROWTH, INCREASED TRUST AND SUSTAINABLE TRANSFORMATION

During 2025, KS "SIGURIA" continued to consolidate and steadily expand its client base, reaching a total of 69,285 active clients in the portfolio. This figure represents a qualitative development of the client relationship, reflecting their trust in the company's services and products.

The portfolio structure appears balanced, with 62% belonging to mandatory insurance and 38% to voluntary insurance, indicating a gradual shift towards value-added products and a growing awareness of clients about the importance of financial protection beyond legal obligations. This development is the result of a sustainable strategic approach, which aims to educate the market and promote the insurance culture in the country.

The company's portfolio is supported by strong partnerships that guarantee sufficient capacity to withstand risks and fulfill obligations to clients in any situation. This support structure not only increases the company's financial stability, but also significantly strengthens the trust of clients and partners in its long-term sustainability.

Essentially, portfolio development throughout 2025 reflects a combination of:

- sustainable growth of the client base;
- product diversification; and
- strengthening risk management capacities.

These elements together create a solid foundation for further expansion and continuous improvement of the offer in the coming years.

SALES AND UNDERWRITING DEPARTMENT

During 2025, the Insurance Sales and Underwriting Department have been one of the main pillars of the company's development, reflecting a clear approach towards transformation, flexibility, and full orientation towards the client. The company has continued investing in the ongoing improvement of products and services, as well as in the expansion of digital offers, aiming to create the most advanced and easy experience for clients.

This department has experienced a dynamic year, recording a growth of 12%, which is a direct result of improved internal processes, integration of new technologies, and continued expansion of client portfolio. This growth is a testament to the effectiveness of strategies implemented and the commitment of the staff in achieving the objectives.

Year 2025 also marked an important historical moment for the company, reaching the highest level of premiums since its establishment. This result was achieved thanks to a combination of factors that include:

- offers structured according to the real needs of clients;
- personalized services; and
- fast and efficient processing of requests.

The growth of the client base, both in individual and business segments, is clear evidence of trust built and an approach oriented towards quality and transparency. The goal for 2026 is to maintain and surpass this positive trend, focusing on innovation, market expansion, and further improvement of services. In line with this, we have placed special attention and importance to our individual and business clients through attractive offers, personalized services, and fast processing of client requests. Despite the challenges of the macroeconomic environment and rising prices, the department has maintained stability and continued to advance, reaffirming the company's position in the market, showing a very positive growth trend where an increase of 12% was recorded in 2025compared to the previous year. In this context, priorities for the future are clear and focused on:

- continued innovation;
- process automation; and
- further expansion of our presence in the market.

This approach aims to not only maintain a positive trend, but to also raise service standards to an even higher level.

HEALTH AND ACCIDENT INSURANCE

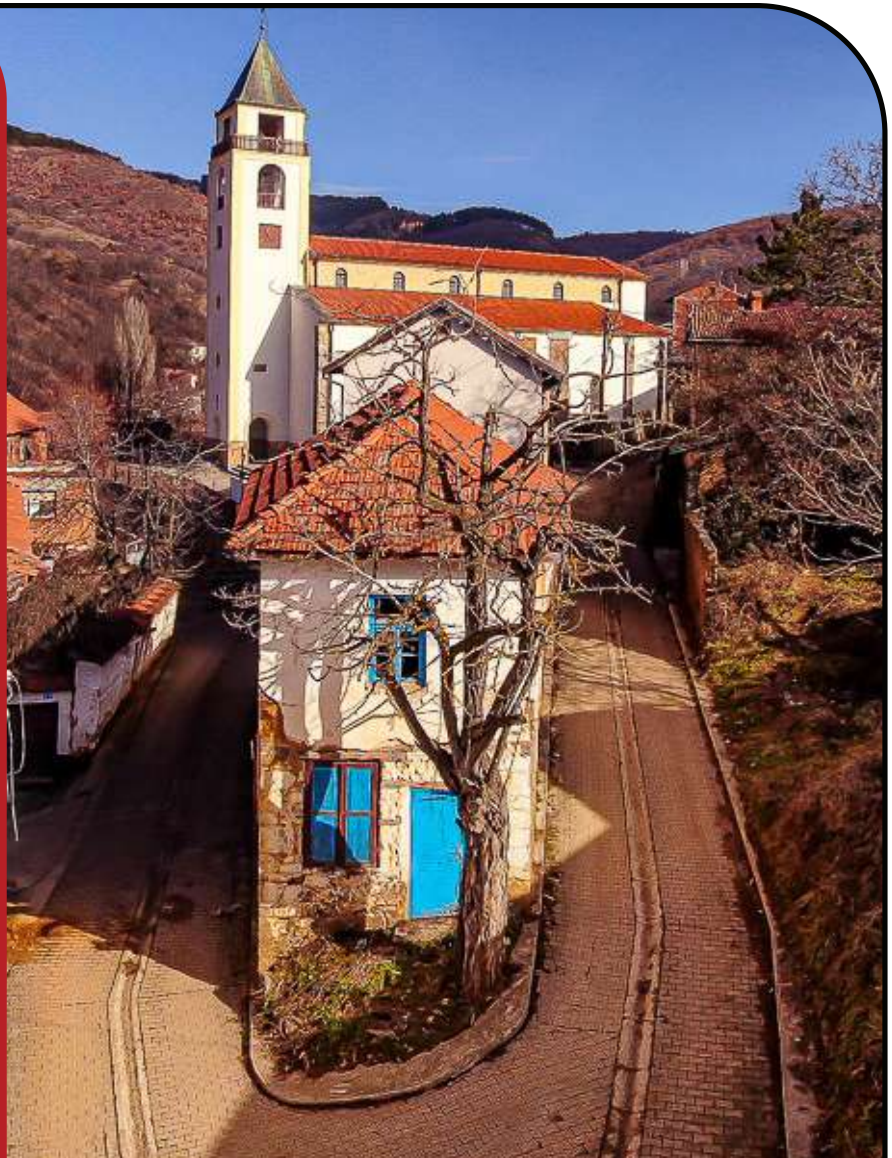
Health insurance continued to be one of the most important and influential segments in the overall development of the company in 2025. This department has seen a significant increase in the number of clients, reflecting an increased interest in products directly related to wellbeing and financial security.

This segment has played a crucial role in supporting thousands of individuals and families, offering expanded coverage and simplified processes that make access to medical services faster and more efficient. Continuous improvement of the client experience has been the focus, ensuring that every service is as clear, easy, and reliable as possible.

Since health is primary, the company has paid special attention to meeting client requirements arising from health insurance throughout 2025. In line with the strategy of being as close to clients as possible, a structured campaign was developed during the year with three health insurance packages that offer:

- adjusted fees;
- flexible coverage; and
- concrete solutions for different client categories.

As a result of this approach, a market share of 5% has been achieved, reflecting increased trust and acceptance of our products. Another important development has been expanding cooperation with private health institutions, thus increasing the quality and range of services provided. In parallel, projects have been initiated for the digitization of services, which will enable clients to receive services online in the future, saving time and increasing efficiency.



PROPERTY AND GUARANTEE INSURANCE

During 2025, this department has made a significant and unwavering contribution to the premium increase and the overall growth of the company, focusing on strengthening insurance policies and expanding the client base, especially in the business segment.

Property insurance has been a key element in protecting client assets from unforeseen risks, thus providing sustainable and reliable solutions. Improving the processes of assessment and handling of claims has directly impacted the increase in service quality and strengthening of client relations.

Investments in technology and advanced risk analysis have enabled us to increase efficiency and transparency in our processes. The security of your property remains our top priority, building a safer future for all. Considering the importance of businesses for Kosovo economy, in terms of generating employment and creating new values, K.S. SIGURIA, to a large extent, ensured to provide this target group with the highest quality services in terms of their needs.

One of the most important initiatives has been implementing the “One-stop shop” concept, through which clients were able to obtain services in a centralized manner in the branches of Banka Ekonomike.

This approach has:

- simplified processes;
- saved clients’ time; and
- increased operational efficiency.

As a result of these developments, a market share of 4.47% has been achieved, reflecting the positive impact of implemented strategies and the focus on real market needs.

CASCO INSURANCE

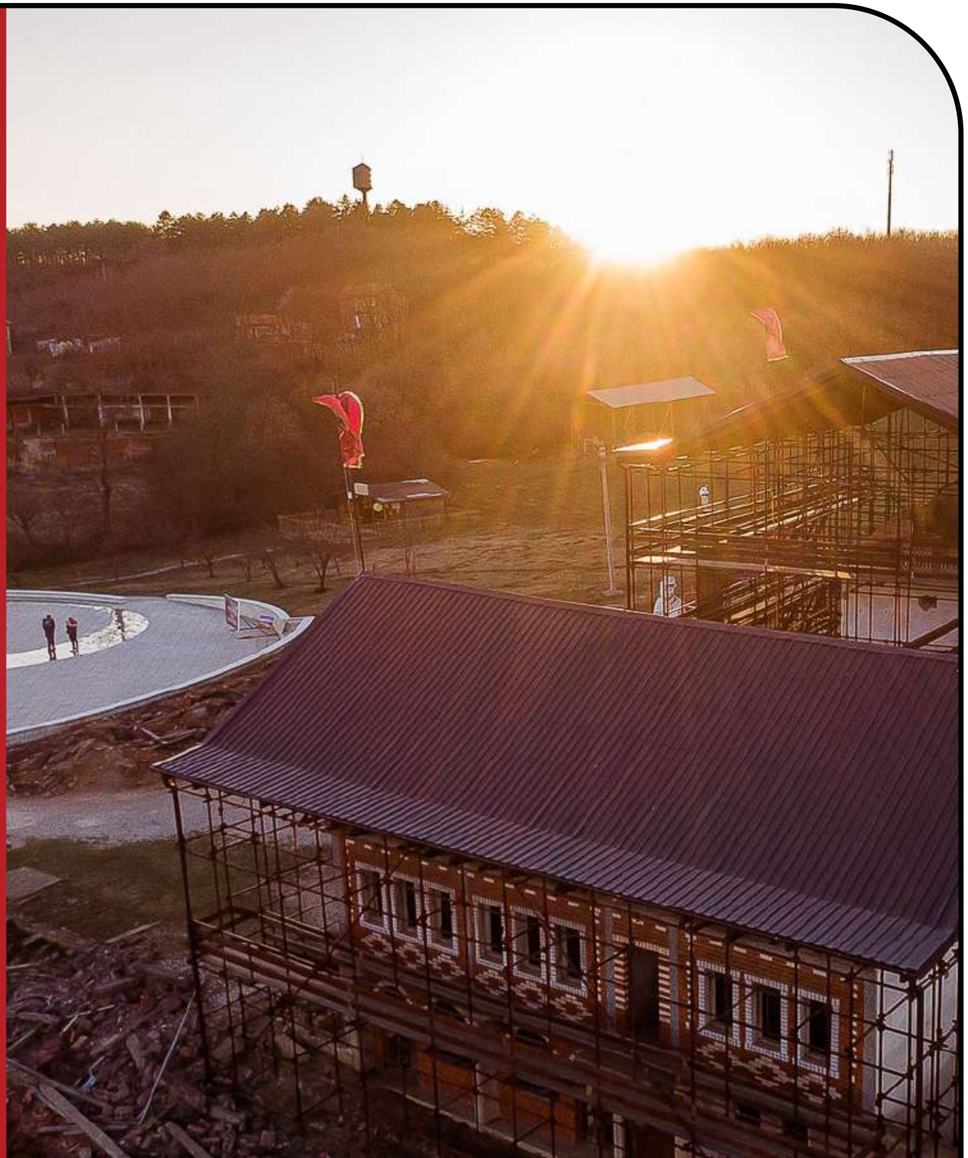
CASCO insurance during 2025 has been in special focus as part of the strategy to increase competitiveness and provide more complete coverage to clients.

In cooperation with Banka Ekonomike and business partners, numerous campaigns have been conducted that have significantly increased interest in this product. Improvements in claims handling processes and use of technology have contributed to increasing efficiency and strengthening client confidence.

The company has also invested in:

- increasing human capacities;
- developing technological processes; and
- improving personalized services.

As a result, a market share of 12.35% was achieved, confirming the strategic importance of this segment and its potential for further development.



MOTOR THIRD-PARTY LIABILITY INSURANCE (TPL)

TPL insurance during 2025 remained one of the most important pillars of company's portfolio, guaranteeing protection for a large number of drivers and contributing to traffic safety.
Increased number of policies and improvement of claims management processes have made it possible to provide faster and more transparent services. Technology and process optimization investments have directly reduced handling time and increased client satisfaction.
Expansion of the sales network has also played an important role, providing easier access to company services for clients and increasing market share.
As a result of these developments:

- an increase of 15.40% was recorded; and
- a market share of 8.7%,

thus, reflecting the success of strategies implemented and the continuous commitment to improvement and development through:

- continuous investments in technology
- expanding the range of products
- improving internal processes, and
- increasing professional capacities

the company has created a solid foundation for sustainable development in the future.
This progress reflects not only positive financial results, but also a profound transformation in the way the company operates, builds relationships with clients, and contributes to the development of the insurance market in Kosovo.

CLAIMS DEPARTMENT

Higher efficiency, faster processes and constant focus on the client
During 2025, the Claims Department has made significant progress in improving operational processes and increasing the quality of service to clients. Through a structured approach and orientation towards efficiency, a significant transformation has been achieved in the way claims are handled.

One of the main achievements has been the reduction of average claim handling time thanks to the optimization of internal procedures and better coordination between teams. This has directly impacted an increased speed of response and improved client experience throughout the process.
In terms of performance, 2025 saw a steady increase in the handling and payment of claims:

- number of claims paid has increased by 13.96 percent compared to 2024
- monetary value of claims paid increased by 8.28 percent

These results reflect the effectiveness of the strategies undertaken, including digitization of processes and increased focus on the real needs of damaged clients. Increased volume of claims handled, accompanied by maintained service quality, testifies to the operational capacity and commitment of the department.

As part of digitization, an online platform for reporting and handling health claims has been successfully implemented. This development has brought significant benefits:

- simplified procedures for clients;
- increased transparency and accuracy in handling cases;
- reduction of administrative burden for staff; and
- significant improvement in operational efficiency.

Through these innovations, the process has become faster, clearer, and more accessible for all clients.

From a client satisfaction perspective, significant improvement was observed during 2025, as a result of faster communication, more accurate responses, and professional handling of each request. Staff engagement has been key in this regard. This was achieved by adhering to quality standards and established deadlines, as well as by building more reliable relations with clients.

Analysis by claim category shows clear advancement in all segments:

- Health claims are handled more quickly and with more transparency thanks to the implementation of new databases and digitalized processes;
- Property damages have benefited from process standardization and more efficient cooperation with relevant parties, improving the quality of decision-making;
- Non-material damages are managed through a more structured and consistent approach, especially in complex cases, increasing the reliability of the process.

This all-round progress demonstrates a significant maturation of the claims management function and a clear orientation towards modern and efficient practices.

Overall, the comparison between 2024 and 2025 demonstrates stable and balanced development where the increased volume has been accompanied by improvements in quality and transparency. The Department has managed to meet its objectives for 2025 and has built a strong foundation for further advancements.
This progress lays the foundation for even more efficient claims management in the future, always aiming to provide fast, transparent, and reliable services to every client.

SYNERGY BETWEEN SIGURIA IC AND BANKA EKONOMIKE – A GENERAL SOCIAL SECURITY

Throughout 2025, the Marketing Department has continued carrying out its activities in a sustainable and structured manner, focusing on long-term brand building, increasing market share, and strengthening client relations. This year has not been a mere continuation of previous practices, but further deepening of them, developing them in line with new market dynamics and ever-increasing client expectations.

One of the most important elements of this development has been the ongoing marketing management for KS Siguria as an integral part of the function of the Marketing Department of Banka Ekonomike. This responsibility, taken on in previous years, has been significantly consolidated and advanced in 2025, thus creating a natural and efficient interaction between the two institutions. This cooperation has enabled not only the best use of resources and expertise, but also building of unified and sustainable communication across all channels, thus increasing the impact and coherence of brand messages.

In this context, KS Siguria continued developing's development has continued as a dynamic and continuous process. Beyond creating a consolidated visual identity, in 2025, in-depth work was done on the way this identity is communicated and perceived by the public.

All promotional materials, branch presence, digital communication, and field activities have been harmonized to reflect a modern, professional, and reliable image.

Continuous development of digital presence has played a key role in this aspect, especially on social media. Content management on platforms like Instagram has been treated as a strategic process, not simply an operational one. Social networks have been constantly reorganized and refreshed, following contemporary trends in design and visual communication, while content has been adapted to be closer, more informative, and more interactive for the audience. This has significantly influenced the increase in engagement, expansion of the audience, and creation of a stronger emotional connection with clients.

The marketing strategy throughout 2025 has been built on a balanced combination of digital communication and physical activities in the field. This approach has ensured that institution's messages reach different audience groups effectively, thus creating a comprehensive and sustainable presence in the market. Promotional campaigns, awareness-raising activities, and strategic collaborations have contributed to increasing visibility and strengthening the reputation of KS Siguria as a reliable and client-oriented institution.

Main Marketing and Social Responsibility Activities

The Marketing Department's commitment during 2025 was not limited to promoting products and services, but has also actively included initiatives with social, educational, and community impact, reflecting a responsible and sustainable approach:

- **Instagram content management and development**

Throughout the year, a complete transformation of the approach to digital content was realized, including structuring the feed, creating a consistent visual identity, and building a clear communication narrative. Content is strategically planned to balance information, education, and promotion, creating a richer and more engaging experience for followers. This has resulted in a significant increase in audience interaction and loyalty.

- **Donation to "Yllkat" kindergarten**

Through this donation, infrastructure and environmental conditions for children were improved, contributing to creating a safer, more functional, and more suitable space for their development. This activity reflects the institution's commitment to investing in the community and in the future of younger generations.

- **Educational lecture at "Elena Gjika" primary school**

On International Hygiene Day, an educational activity was organized with students, aiming to raise awareness about healthy living practices. This initiative has contributed to the education of younger generations and to building a stronger culture of health care.

- **Blood donation activity by KS Siguria staff**

This activity represented a concrete example of solidarity and social responsibility, while also encouraging awareness of the importance of individual contributions in saving lives.

- **Breast Cancer Awareness Month Campaign**

This campaign aimed to raise awareness about early diagnosing and the importance of regular check-ups. Activities included extensive communication on social media and public awareness, contributing to informing and educating the community.

- **Support to Brezovica Economic Forum 2025**

Participating in this forum strengthened institution's position in economic discussions and opened doors to new strategic collaborations with important market stakeholders.

- **Support to Down Syndrome Kosova Association**

This support continues as a sustainable and long-term initiative, contributing to improving conditions and increasing opportunities for children with Down syndrome, as well as raising awareness in the society for greater social inclusion.
Support to Autism Association This initiative aims to raise awareness and support individuals and families affected by autism, contributing to building a more inclusive society.

- **Participation in "Prishtina 2025" International Fair**

This participation has served as an important platform to present products and services, establish new contacts and strengthen relations with existing partners. The presence at the fair has reflected professionalism and ambition for further expansion in the market.
Overall, 2025 has represented an advanced phase of marketing development where the focus has been not only on increasing visibility, but on building a sustainable and credible identity, creating better experiences for clients, and building a strong connection with the community. Through an integrated and future-oriented approach, the Marketing Department has laid a strong foundation for even greater developments in the years to come.


SIGURIA


SIGURIA


Banka Ekonomike
SIGURIA

BANKA EKONOMIKE SH.A.

Separate Financial Statements prepared in accordance with the International Financial Reporting Standards

for the year ended 31 December 2025
(with Independent Auditor's Report thereon)

Table of contents

RSM KOSOVO SH.P.K.
Rr. Xhevdet Doda
Dukagjini Residence, Hyrja B-C,
Kati 2, No.B56
10 000 Prishtina
Republic of Kosovo
DL +383 45 666 888
www.rsm.global/kosovo

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of Banka Ekonomike Sh.A.

Opinion

We have audited separate financial statements of Banka Ekonomike Sh.A. ("the Bank"), which comprise the separate statement of financial position as at 31 December 2025, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

As disclosed in note 2(a) of the accompanying separate financial statements, these separate financial statements are prepared to assist the Bank in complying with financial reporting requirements of the Central Bank of Kosovo, and may not be appropriate to be used for general purposes unless they are read along with the consolidated financial statements. Our opinion is not modified in respect of this matter.

RSM KOSOVO SH.P.K.
Rr. Xhevdet Doda
Dukagjini Residence, Hyrja B-C,
Kati 2, No.B56
10 000 Prishtina
Republic of Kosovo
DL +383 45 666 888
www.rsm.global/kosovo

Other Information

Management is responsible for the other information. The other information comprises the information included in the Bank's annual report but does not include the separate financial statements and our auditor's report. The Bank's annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report of the Bank, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

RSM KOSOVO SH.P.K.
Rr. Xhevdet Doda
Dukagjini Residence, Hyrja B-C,
Kati 2, No.B56
10 000 Prishtina
Republic of Kosovo
DL +383 45 666 888
www.rsm.global/kosovo

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our Objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

RSM KOSOVO SH.P.K.
Rr. Xhevdet Doda
Dukagjini Residence, Hyrja B-C,
Kati 2, No.B56
10 000 Prishtina
Republic of Kosovo
DL +383 45 666 888
www.rsm.global/kosovo

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Kosovo Sh.p.k.

RSM Kosovo Sh.p.k.

Prishtinë, Republika e Kosovës
21 Prill 2026

Sadik Berisha

Auditor Ligjor

STATEMENT OF FINANCIAL POSITION EURO '000

Assets	Note	As at 31 December 2025	As at 31 December 2024
Cash on hand and at banks	6	46,064	40,484
Balances with the Central Bank of Kosovo	7	66,560	60,232
Loans to customers	8	560,541	491,220
Investments in securities	9	99,980	55,749
Investments in subsidiary	9.1	7,358	7,358
Property and equipment and right-of-use assets	10	14,711	13,535
Intangible assets	11	2,295	3,220
Income tax prepayment	-	-	343
Other assets	12	3,474	3,140
Total assets		**800,983**	**675,281**
Liabilities			
Deposits from customers	13	695,430	596,936
Due to banks	14	2,588	1,096
Subordinated debt	24	2,136	-
Current tax liability	-	241	-
Other liabilities	15	4,554	3,931
Deferred tax liability	-	592	596
Total liabilities		**705,541**	**602,559**
Equity and reserves			
Share capital	16	38,874	29,422
Revaluation and other reserves	16	6,606	4,887
Retained earnings		49,962	38,413
Total equity and reserves		**95,442**	**72,722**
Total liabilities, equity and reserves		**800,983**	**675,281**

These separate financial statements have been approved by the Board of Directors of the Bank on 20 April 2026 and signed on its behalf by:

Mr.Shpend Luzha
Chief Executive Officer

Mr.Berat Isa
Chief Finance Officer

Banka Ekonomike Sh.a.
Separate Statement of Profit or Loss and Other Comprehensive Income
(Amounts in thousands of EUR, unless otherwise stated)

	Note	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest income calculated using the effective interest method	17	40,028	35,973
Interest expense calculated using the effective interest method	17	(9,005)	(7,741)
Net interest income		**31,023**	**28,232**
Fee and commission income	18	6,800	5,941
Fee and commission expense	18	(2,008)	(1,667)
Net fee and commission income		**4,792**	**4,274**
Bargain purchase gain	26	2,884	-
Other operating income	19	556	764
Revenue		**39,255**	**33,270**
Personnel expenses	20	(6,483)	(5,585)
Depreciation and amortization	10,11	(3,389)	(3,306)
Other expenses	21	(13,142)	(12,015)
Net impairment (charge) / reversal on financial instruments	6,7,8,9	(2,960)	(342)
Impairment loss on intangible assets	11	(580)	(365)
Total operating expenses		**(26,554)**	**(21,613)**
Profit before tax		**12,701**	**11,657**
Income tax expense	22	(1,152)	(963)
Profit for the year		**11,549**	**10,694**

Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Gain on the revaluation of land and buildings, net of tax	(1,598)	-
Deferred tax effect on revaluation of land and building	-	4
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at fair value through other comprehensive income	121	137
Total other comprehensive income, net of tax	**1,719**	**141**
Total comprehensive income	**13,268**	**10,835**

The accompanying notes 1 to 27 form an integral part of these separate financial statements

(Amounts in thousands of EUR, unless otherwise stated)

	Note	For the year ended 31 December 2025	For the year ended 31 December 2024	For the year ended 31 December 2023
Operating activities				
Profit before taxation		**12,701**	**11,657**	**12,908**
Adjustment for:				
Amortization and depreciation	10,11	3,389	3,306	3,004
Net impairment charge on loans to customers	8	2,951	283	(1,375)
Net impairment loss on intangible assets	11	580	365	942
Impairment on other assets	-	27	620	-
Charge/ (Reversal) of provision for guarantees and securities	15,9	209	(47)	(78)
Bargain purchase gain	26	(2,884)	-	-
Interest income	17	(40,028)	(35,973)	(30,746)
Interest expense	17	9,005	7,741	5,450
		(14,050)	**(12,048)**	**(9,895)**
Changes in operating assets and liabilities				
Statutory reserves with the CBK and other restricted funds		(15,274)	(16,264)	1,951
Loans to customers		(34,344)	(50,543)	(59,385)
Other assets		319	(1,213)	(18)
Deposits from customers		64,510	58,996	30,822
Due to banks		(104)	(391)	1,394
Other liabilities		(1,236)	1,133	85
		(179)	**(20,330)**	**(35,046)**
Interests paid		(8,241)	(6,868)	(4,469)
Interests received		39,811	36,177	30,150
Income tax paid		(568)	(1,394)	(1,308)
Net cash flow generated from operating activities		30,823	7,585	(10,673)

Banka Ekonomike Sh.a.
Separate Statement of Cash Flows
(Amounts in thousands of EUR, unless otherwise stated)

Investing activities				
Purchase of property and equipment and intangible assets	10,11	(867)	(2,944)	
Purchases of investment securities		(296,295)	(183,080)	
Redemptions of securities	9	259,378	138,185	
Consideration paid for acquisition, net of cash acquired	26	(6,795)	-	
Net cash flow used in investing activities		**(44,579)**	**(47,839)**	**(14,670)**
Financing activities				
Dividend distributed	10	-	(3,000)	(976)
Contributions from owners	16	9,452	-	-
Proceeds from issuance of subordinated debt		2,136	-	-
Lease payments	16	(1,198)	(952)	-
Net cash flow generated from / (used in) financing activities		**10,390**	**(3,952)**	**(976)**
Net decrease in cash and cash equivalents		**(3,366)**	**(44,206)**	**3,021**
Cash and cash equivalents, beginning of the year	6	**51,916**	**96,122**	**93,101**
Cash and cash equivalents, end of the year	**6**	**48,550**	**51,916**	**96,122**

The accompanying notes 1 to 27 form an integral part of these separate financial statements.

1. Introduction

Banka Ekonomike Sh.a ("the Bank") is a Shareholding Company incorporated in the Republic of Kosovo. The address of its registered Head Office is Mother Teresa Square, 10000 Prishtina, Republic of Kosovo.
In accordance with the Central Bank of Kosovo ("CBK") regulations, the Bank obtained a license for banking activities on 28 May 2001 and commenced operations on 5 June 2001. The Bank operates as a commercial and savings bank for all categories of customers within Kosovo, through its network of 7 main branches in Prishtina, Gjakova, Peja, Prizren, Ferizaj, Mitrovica and Gjilan and 29 subbranches. The Bank employs 473 employees as at 31 December 2025 (2024: 450).

On September 2022, the Bank completed its purchase of 100% of shares in Insurance Company Siguria Sh.a through a purchase agreement, thus obtaining full control of the Insurance Company Siguria Sh.a. As at 31 December 2025, the Bank holds 100% of the shares in Insurance Company Siguria Sh.a (2024: 100%).

2. Basis of preparation

(a) Statement of compliance
These separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

These separate financial statements represent the result and financial position of the Bank alone and do not include that of its subsidiary (note 9.1). The Bank prepares another set of consolidated financial statements in accordance with IFRS. These separate financial statements are prepared for local regulatory purposes.

(b) Presentation of financial statements and notes
For the purpose of clarity, the separate financial statements and the notes to the separate financial statements are prepared using the concepts of materiality and relevance.

This means that the line items not considered material in terms of quantitative and qualitative measures or relevant to separate financial statement users are aggregated and presented together with other items in the primary financial statements. Similarly, information not considered material is not presented in the notes.

(c) New and amended standards and interpretations adopted by the Bank
The Bank has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

The following new amendment became effective as at 1 January 2025:
• **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability**

The adoption of this amendment had no significant impact in Bank's condensed separate financial statements.

2. Basis of preparation (continued)

(d) New standards and interpretations in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

- Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7.
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.
- Annual Improvements to IFRS Accounting Standards – Volume 11.
- IFRS 18 Presentation and Disclosure in Financial Statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.

The Bank is in the process of analyzing the impact on its separate financial statements on the date of initial adoption.

(e) Basis of accounting

The separate financial statements have been prepared on historical cost convention, except for the financial assets listed below, which are measured at fair value:

- Debt instruments held under the business model held to collect and sale and certain classes of property, plant and equipment

(f) Going concern

The separate financial statements are prepared on a going concern basis, as the Directors are satisfied that the bank have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios. They also considered other top and emerging risks as well as from the related impacts on profitability, capital and liquidity.

(g) Functional and presentation currency

These separate financial statements are presented in EUR, which is the Bank's functional currency. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

2. Basis of preparation (continued)

(h) Use of judgments and estimates

In preparing these separate financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.
Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the

amounts recognised in the separate financial statements are described in notes 4, 5 and 25.

3. Material accounting policies

The principal accounting policies set out below have been applied consistently to all periods presented in these separate financial statements. Where necessary, comparative figures have been reclassified to conform with changes in presentation for the current year.

(a) Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading are recognised in 'interest income' and 'interest expense' in the statement of profit or loss and other comprehensive income using the effective interest method.

Interest on credit-impaired financial assets is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount of the asset less allowance for ECL).

For purchased or originated credit-impaired (POCI) financial assets the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

(b) Fees and commissions

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate (note (3a)).

Other fees and commission income, including account servicing fees, fund transfer fees, sales commission and placement fees are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

3. Material accounting policies (continued)

(c) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.
Additional taxes that arise from the distribution of dividends by the Bank are recognised at the same time as the liability to pay the related dividend is recognised.

(iii) Tax exposures
In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(d) Foreign currency transactions
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date except non-monetary assets and liabilities measured at historical cost, which are translated using the rate of exchange at the initial transaction date.

(e) Financial assets and financial liabilities
(i) Recognition
The Bank initially recognises loans, deposits, debt securities issued, borrowings and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

(ii) Classification
Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Material accounting policies (continued)
(e) Financial assets and financial liabilities (continued)
(ii) Classification (continued)
Financial assets (continued)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.
All financial assets are classified as measured at amortised cost or at FVOCI.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Financial liabilities
The Bank classifies its financial liabilities as measured at amortised cost.

(iii) Derecognition
Financial assets
The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

Financial liabilities
The Bank derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Modifications of financial assets
If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

(v) Offsetting
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)
(vii) Fair value measurement
'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.
When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.
The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.
If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.
The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.
The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(viii) Identification and measurement of impairment
The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
– loans to customers;
– other financial assets at amortised cost;
– financial assets that are debt instruments; and
– loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

The Bank recognises loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:
– debt investment securities that are determined to have low credit risk at the reporting date. The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'; and

– loans and debt investment securities for which credit risk has not increased significantly since initial recognition.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)
(viii) Identification and measurement of impairment (continued)

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses and is measured as follows:
– financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
– financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
– undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
– financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Definition of default
Under IFRS 9, the Bank considers a financial asset to be in default when:
– the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
– the borrower is more than 90 days past due on any material credit obligation to the Bank.
This definition is largely consistent with the definition used for regulatory purposes for loans classified as doubtful or lost.
In assessing whether a borrower is in default, the Bank consider indicators that are consistent with the risk regulatory requirements for classification of loans as doubtful or lost:
– qualitative: e.g. breaches of contractual covenant;
– quantitative: e.g. overdue status and non-payment of another obligation of the same borrower to the Bank; and
– regulatory risk classification of the same borrowers in other banks.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Credit risk grades
The Bank allocates each exposure to a credit risk grade based on requirements set forth by Credit Risk Management regulation by using qualitative and quantitative factors that are indicative of the risk of default. In addition to the risk classes introduced for regulatory purposes, the Bank identifies and monitors separately standard loans in past due from standard loans not in past due.
Each exposure it is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)
(viii) Identification and measurement of impairment (continued)

Determining whether credit risk has increased significantly
Under IFRS 9, when determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forward-looking information.
The Bank primarily identifies whether a significant increase in credit risk has occurred for an exposure that changes the regulatory risk classification from standard to watch assessed in line with the Bank's policy for regulatory risk classification. All loans showing significant increase in credit risk are classified in Stage 2.
As a backstop, and as required by IFRS 9, the Bank presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Bank determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.
The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
– the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
– the average time between the identification of a significant increase in credit risk and default appears reasonable; and
– exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired.

Modified financial assets
The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value.
Under IFRS 9, when the terms of a financial asset are modified and the modification does not result in derecognition, the Bank considers whether the asset's credit risk has increased significantly by analysing quantitative and qualitative factors affecting risk of default.
The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and business loans are subject to the forbearance policy.
Generally, forbearance is a qualitative indicator of default and credit impairment and expectations of forbearance are relevant to assessing whether there is a significant increase in credit.

Following forbearance, a customer needs to demonstrate consistently good payment behavior over eight months before the exposure is measured at an amount equal to 12-month ECLs.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)
(viii) Identification and measurement of impairment (continued)

Inputs into measurement of ECLs
The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:
– probability of default (PD);
– loss given default (LGD); and
– exposure at default (EAD).
These parameters derived from internally developed statistical models and other historical data that leverage regulatory models. PDs have been adjusted to reflect forward-looking information as decired below.
Credit risk grades are primary input into the determination of the term structure of PD for exposures. The Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in macro-economic factors, as well as in-depth analysis of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro- economic indicators are likely to include unemployment rates and consumer price inflation. The Bank's approach to incorporating forward-looking information into this assessment is discussed below.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models considers the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value (LTV) ratios are likely to be a key parameter in determining LGD.

LGD estimates are calibrated for different external factors, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset are the gross carrying amount at default. For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which will be estimated based on historical observations and forward-looking forecasts.

The Bank measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For retail overdrafts and credit card facilities and certain corporate revolving facilities that include both a loan and an undrawn commitment component, the Bank measures ECLs over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are aged on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period will be estimated taking into account the credit risk management actions that the Bank expects to take and that serve to mitigate ECLs. These include a reduction in limits and cancellation of the facility.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(viii) Identification and measurement of impairment (continued)

Where modelling of a parameter is carried out on a collective basis, the financial instruments will be recognized on the basis of shared risk characteristics that include:

– instrument type; and
– credit risk grading.

The recognition are subject to regular review to ensure that exposures within a particular Bank remain appropriately homogeneous.
For investments in debt securities in respect of which the Bank has limited historical data, external benchmark information published by recognized external credit rating agencies such as Moody’s are used to supplement the internally available data.

Forward-looking information

Loss allowances for ECL are presented in the statement of financial position as follows:
Under IFRS 9, the Bank has incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. The Bank formulates a ‘base case’ view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Bank Risk Committee and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities in the country where the Bank operates, supranational organisations such as the Organisation for Economic Co-operation and Development and the International Monetary Fund, and selected private sector and academic forecasters. The base case represents a most-likely outcome and be aligned with information used by the Bank for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Bank also periodically carry out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. These key drivers include unemployment rates and consumer price inflation forecasts. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

– financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
– loan commitments and financial guarantee contracts: generally, as a provision;
– where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component sepa-

rately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
– instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

3. Material accounting policies (continued)

(e) Financial assets and financial liabilities (continued)
(viii) Identification and measurement of impairment (continued)

Collateral valuation
To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, mortgage and pledge arrangement. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash, is valued daily. To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as licensed mortgage brokers, housing price indices, audited financial statements, and other independent sources.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

(f) Cash and cash equivalents
Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

(g) Investment securities
The 'investment securities' caption in the statement of financial position includes debt securities measured at amortised cost and at FVOCI.
For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.
When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

(h) Deposits, subordinated debt and other liabilities
Deposits, subordinated debts and other liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(i) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives for the current and comparative periods are as follows:

	Useful life 2024	***Useful life 2023***
Buildings	40 years	40 years
Computers and related equipment	5 years	5 years
Motor vehicles	5 years	5 years
Furniture, fixtures and equipment	5 years	5 years

3. Material accounting policies (continued)

(i) Property and equipment (continued)
(ii) Depreciation (continued)
Leasehold improvements are depreciated using the straight-line basis over the shorter of the lease term and their useful lives.

Land and building
Land and building of Head Office are shown at fair value, periodically, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount.

(j) Leased property and equipment
The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using Bank's incremental borrowing rate.
The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 on 31 December 2025 was 4.18% (2024: 3.56%).
The Bank uses one or more of the following practical expedients according to IFRS 16.C10, applying it on a lease -by-lease basis:
• Using a single discount rate to a portfolio of leases with similar characteristics;
• Adjusting the right-of-use asset for any recognized onerous lease provisions, in-stead of performing an impairment review;
• Applying a recognition exemption for leases for which the lease term ends within 12 months of the date of initial application and leases of low-value assets (For this purpose the bank has chosen a threshold of around € 5,000). The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term;
• Excluding initial direct costs from the measurement of the right-of-use asset;
• Using hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3. Material accounting policies (continued)

(k) Intangible assets
Software acquired by the Bank is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.
Amortisation is recognised in profit or loss over the estimated useful life of the asset, from the date that it is available for use.
Software is amortised using the straight-line method over the estimated useful life of five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development
Research and development Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Bank is able to use or sell the asset; the Bank has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life.

(l) Repossessed property
Repossessed assets are acquired through enforcement of security over non-performing loans to customers and are intended for disposal in a reasonably short period of time. Repossessed assets are initially recognised using the bailiff set amount in the last auction and are subsequently measured at the lower of cost and net realizable value and any write-down is recognized in the profit or loss when incurred.
Gains or losses from the sale of these assets are recognized in the profit or loss.

(m) Impairment of non-financial assets
The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.
The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Provisions
A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is

recognised as finance cost.

3. Material accounting policies (continued)

(o) Employee benefits
(i) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. The Bank makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Kosovo under a defined contribution pension plan.

(ii) Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Financial guarantees and loan commitments
Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Such financial commitments are recorded in the statement of financial position if and when they become payable.
Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.
The Bank has issued no loan commitment that are measured at FVTPL.
For other loan commitments the Bank recognises loss allowance.
The nominal contractual value of financial guarantees, and undrawn loan commitments, are not recorded on the statement of financial position. The nominal values of these instruments are disclosed in note 22 and corresponding loss allowance are disclosed in note 15.

(q) Dividends
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank’s shareholders. Dividends for the year that are declared after the reporting date are disclosed as events after the end of the reporting period.

(r) Investments in subsidiaries
A subsidiary company is one in which the Bank has a long-term investment and over which it exerts control, including the governance of its financial and operating policies. Investment in subsidiary in these separate financial statements are carried at cost.

(Amounts in thousands of EUR, unless otherwise stated)

4. Use of estimates and judgments

Management discusses with the Audit Committee and the Board of Directors the development, selection and disclosure of the Bank's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the separate financial statements is disclosed below.
These disclosures supplement the commentary on financial risk management (see Note 25).

(a) Impairment

Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3(e)(viii).
The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis.
Carrying and net amount of financial assets as at 31 December 2025 is presented below:

Financial assets	Carrying amount	Impairment	Net amount
Loans to customers	574,178	(13,637)	560,541
Investment securities measured at FVOCI	100,034	(54)	99,980
Investment securities at amortised cost	-	-	-

Carrying and net amount of financial assets as at 31 December 2024 is presented below:

Financial assets	Carrying amount	Impairment	Net amount
Loans to customers	501,110	(9,890)	491,220
Investment securities measured at FVOCI	47,816	(26)	47,790
Investment securities at amortised cost	7,961	(2)	7,959

(b) Determining fair values
The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3(e)(vii).

The Bank measures fair values using the following hierarchy of methods:
• Level 1: Quoted market price in an active market for an identical instrument.
• Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
• Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.
The estimation of the fair value is disclosed in note 5.

5. Disclosure and estimation of fair value

Fair value estimates are based on existing financial instruments on the Bank's financial position statement without attempting to estimate the value of anticipated future business and the value of assets and liabilities not considered financial instruments.

Financial instruments measured at fair value – fair value hierarchy
The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.
Fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

Investment securities	Carrying amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
31 Dhjetor 2025	99,980	-	99,980	-
31 Dhjetor 2024	47,790	-	47,790	-

(Amounts in thousands of EUR, unless otherwise stated)

Investment securities measured at FVOCI as at 31 December 2025 include Bonds issued by the Government of Kosovo and by Government European Union countries and United States of America (2024: Government bonds issued by the Government of Kosovo and by Government European Union countries and United States of America) .The weighted average of the remaining maturity of Bonds ending in 2025 is < 0.6 years (2024 <0.5years), while the most distant investment period is 4 years (2024: 5 years), expressed in EURO, USD and CHF. The average interest rate is 2.66% (2024 3.06%) for the active portfolio at year-end.

Rating of Bonds and T-bills	Carrying amount 2025	Participation (%) 2025	Carrying amount 2024	Participation (%) 2024
BB-	16,299	16.30%	7,786	16.3%
AA	44,491	44.50%	5,170	10.8%
AAA	-	-	8,117	17%
AA+	39,190	39.20%	26,717	55.9%
Total	**99,980**	**100.00%**	**47,790**	**100%**

Non-Financial instruments measured at fair value – fair value hierarchy

Land and Building
The basis of the valuation of land and buildings is fair value. Buildings were last revalued on 27 December 2025 based on external, independent and qualified valuer.
Measurement of the land and building is classified in level 3 of the fair value hierarchy as inputs and assumptions used in arriving at the fair value are unobservable. In the absence of an active market, the fair value of the land and building as of 27 December 2025 was determined by using the average of the fair market value derived from comparison method and income approach.

Below table presents fair value at reporting date minus accumulated depreciation.

Buildings	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
31 December 2025	-	-	9,330
31 December 2024	-	-	8,074

(Amounts in thousands of EUR, unless otherwise stated)

The inputs used for the calculation of the fair value of buildings are presented below:

5. Disclosure and estimation of fair value (continued)

Non-Financial instruments measured at fair value – fair value hierarchy (continued)

Buildings	Price per sq meters	Rent income per sq meter	Cap Rate	Location
31 December 2025	EUR 5,612	EUR 20	6%	Mother Teresa Square

Financial instruments not measured at fair value – fair value hierarchy
The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

	Carrying value		Fair Value					
Assets	**2025**	**2024**	**Level 1 2025**	**Level 2 2025**	**Level 3 2025**	**Level 1 2024**	**Level 2 2024**	**Level 3 2024**
Cash on hand and at banks	46,064	40,484	-	46,064	-	-	40,484	-
Balance with CBK	66,560	60,232	-	66,560	-	-	60,232	-
Investment securities at amortised cost	-	7,959	-	-	-	2,974	4,985	-
Loans to customers	560,541	491,220	-	-	560,541	-	-	491,220
Liabilities								
Deposits from customers	659,430	596,936	-	659,430	-	-	596,936	-
Due to banks	2,588	1,096	-	2,588	-	-	1,096	-
Subordinated debt	2,136	-	-	2,136	-	-	-	-

Fair values for financial assets and liabilities above have been determined using Level 2 or 3 input described above.

Balances with banks
Due from other banks include inter-bank placements and items in the course of collection. As balances with banks are short term, their fair value is considered to equate to their carrying amount.

Investment securities at amortised cost
Fair value is estimated based on broker/dealer quotes and average yield of similar instruments.

Loans to customers
Fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates and prepayment rates. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics. There are no cases of loans that are valued based on observable inputs.

Deposits from customers and subordinated debt
The fair value of deposits from customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits and subordinated debt of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date. The deposits have an estimated fair value which approximates the carrying amount due either to their short term nature or to underlying interest rates which approximate market rates. The majority of deposits is subject to re-pricing within a year.

(Amounts in thousands of EUR, unless otherwise stated)

6. Cash on hand and at banks

	As at 31 December 2025	As at 31 December 2024
Cash on hand	19,873	18,077
Current accounts with banks	26,221	22,457
Allowance for impairment	(30)	(50)
	46,064	**40,484**

Cash and cash equivalents for the purposes of cash flow statement comprise the following:

	As at 31 December 2025	As at 31 December 2024
Cash on hand and at banks	46,064	40,484
Balances with the CBK (Note 7)	66,560	60,232
Statutory reserves with the CBK (Note 7)	(56,714)	(44,428)
Other restricted funds	(7,360)	(4,372)
	48,550	**51,916**

In accordance with the CBK requirements relating to the deposits reserve for liquidity purposes, the Bank should maintain a minimum of 10% of customer deposits with maturities up to one year, as statutory reserves. The statutory reserves represent highly liquid instruments, including cash on hand, accounts at the CBK or at other banks in Kosovo, and the amounts held at the CBK should not be less than half of the total statutory reserves.
The assets with which the Bank may satisfy its liquidity requirement are deposits in EUR with the CBK and 50% of the EUR equivalent of cash denominated in readily convertible currencies. Deposits with the CBK must not be less than 5% of the applicable deposit base.
Movement in impairment for the years ended December 31, 2025 and 2024, charged to profit and loss is as following:

	2025	2024
Opening balances	50	12
Charge/(Release) to profit and loss	(20)	38
Closing balance	**30**	**50**

(Amounts in thousands of EUR, unless otherwise stated)

7. Balances with the Central Bank of Kosovo

	As at 31 December 2025	As at 31 December 2024
Statutory reserves with the CBK	56,714	44,428
Current accounts	9,862	15,818
Allowance for impairment	(16)	(14)
	66,560	**60,232**

Movement in impairment for the years ended December 31, 2025 and 2024, charged to profit and loss is as following:

	2025	2024
Opening balances	14	17
Charge/(Release) to profit and loss	2	(3)
Closing balance	**16**	**14**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers

	As at 31 December 2025	As at 31 December 2025
Loans	463,697	417,536
Overdraft facilities	110,624	83,502
	574,321	**501,038**
Accrued interest	2,248	2,062
Deferred disbursement fees	(2,089)	(1,990)
	574,480	**501,110**
Fair value adjustment (note 26)	(333)	-
	574,178	**501,110**
Allowance for impairment	(13,637)	(9,890)
Loans to customers	**560,541**	**491,220**

Loans are presented at nominal value, accrued interest are based on nominal interest rates, while deferred disbursement fees are incremental fees which are part of effective interest rate.

Maturities of long-term loans are in the range of 1 to 30 years (2024: 1 to 30 years). In 2025, the interest rates on loans to customers ranged from 1.50% to 24% p.a (2024: 1.50% to 24% p.a).
The Bank has granted few loans with interest rates at the minimum limit shown above, which are lower than the rates that are generally offered by the Bank and are covered by cash collaterals.

(Amounts in thousands of EUR, unless otherwise stated)

The movements in the allowance for impairment are as follows:

	2025	2024
Allowance for impairment at 1 January	9,890	10,269
Loans written off	(686)	(3,031)
Charge for the year, net	4,433	2,652
Allowance for impairment at 31 December	**13,637**	**9,890**

The movement in the impairment for the years ended December 31,2025 and 2024, charged or released to profit and loss are is as follows:

	2025	2024
Charge	(4,433)	(2,652)
Recoveries from previously written off loans	1,109	2,369
Adjustment for acquired portfolio	373	-
Net impairment losses on loans	**(2,951)**	**(283)**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers (continued)

The following table sets out the changes in allowance of loans at amortised cost:

	Stage 1	Stage 2	Stage 3	POCI	
	12 Muaj HPK	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Amount of the provision as at 1 January 2025	3,291	716	5,883	-	9,890
Movements with impact in P&L	-	-	-	-	-
Transfers:	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(246)	(246)	-	-	-
Transfer from Stage 1 to Stage 3	(1,323)	-	(1,323)	-	-
Transfer from Stage 2 to Stage 1	33	(33)	-	-	-
Transfer from Stage 2 to Stage 3	-	(732)	732	-	-
Transfer from Stage 3 to Stage 1	7	-	(7)	-	-
Transfer from Stage 3 to Stage 2	-	21	(21)	-	-
Release of ECL on derecognition of loans other than write offs	(726)	(158)	(684)	-	(1,568)
New financial assets originated or purchased	2,026	282	1,111	-	3,419
Changes in Risk Parameters (PD/LGD/EAD)	1,620	337	607	-	2,564
Changes in Models	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Write-offs	-	-	(668)	-	(668)
FX and other movements	-	-	-	-	-
Net provision value for the period	**1,391**	**(37)**	**2,393**	**-**	**3,747**
Other movements without impact on P&L	-	-	-	-	-
Derecognition Instruments	-	-	-	-	-
Amount of the provision as at 31 December 2025	**4,682**	**679**	**8,276**	**-**	**13,637**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers (continued)

The following table sets out the changes in gross carrying amount of Business loans at amortised cost:

	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Gross carrying amount as at 1 January 2025	469,496	21,588	9,954	-	501,038
Transfers:	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(2,327)	2,327	-	-	-
Transfer from Stage 1 to Stage 3	(3,571)	-	(3,571)	-	-
Transfer from Stage 2 to Stage 1	5,988	(5,988)	-	-	-
Transfer from Stage 2 to Stage 3	-	(1,948)	(1,948)	-	-
Transfer from Stage 3 to Stage 1	935	-	(935)	-	-
Transfer from Stage 3 to Stage 2	-	68	(68)	-	-
Financial assets derecognised during the period other than write-offs	(134,046)	(7,805)	(1,170)	-	(143,021)
New financial assets originated or purchased	284,330	8,312	2,665	-	295,307
Modification of contractual cash flows	(74,193)	(3,628)	(514)	-	(78,335)
Write-offs	-	-	(668)	-	(668)
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2025	**546,612**	**12,926**	**14,783**	**-**	**574,321**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers (continued)

The following table sets out the changes in allowance of loans at amortised cost:

	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Amount of the provision as at 1 January 2024	**2,570**	**712**	**6,987**	**-**	**10,269**
Movements with impact in P&L	-	-	-	-	-
Transfers:	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(285)	(285)	-	-	-
Transfer from Stage 1 to Stage 3	(1,630)	-	(1,630)	-	-
Transfer from Stage 2 to Stage 1	33	(33)	-	-	-
Transfer from Stage 2 to Stage 3	-	(732)	732	-	-
Transfer from Stage 3 to Stage 1	9	-	(9)	-	-
Transfer from Stage 3 to Stage 2	-	8	(8)	-	-
Release of ECL on derecognition of loans other than write offs	(703)	(234)	(590)	-	(1,527)
New financial assets originated or purchased	1,674	259	216	-	2,419
Changes in Risk Parameters (PD/LGD/EAD)	1,650	(2)	356	-	2,004
Changes in Models	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Write-offs	-	-	(3,005)	-	(3,005)
FX and other movements	-	-	-	-	-
Net provision value for the period	**721**	**4**	**(1,104)**	**-**	**(379)**
Other movements without impact on P&L	-	-	-	-	-
Derecognition Instruments	-	-	-	-	-
Amount of the provision as at 31 December 2024	**3,291**	**716**	**5,883**	**-**	**9,890**

(Amounts in thousands of EUR, unless otherwise stated)

8. Loans to customers (continued)

The following table sets out the changes in gross carrying amount of Business loans at amortised cost:

	Stage 1	Stage 2	Stage 3	ATGJ	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Gross carrying amount as at 1 January 2024	**422,831**	**18,012**	**10,047**	**-**	**450,890**
Transfers:	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(3,754)	3,754	-	-	-
Transfer from Stage 1 to Stage 3	(3,442)	-	(3,442)	-	-
Transfer from Stage 2 to Stage 1	832	(832)	-	-	-
Transfer from Stage 2 to Stage 3	-	(973)	973	-	-
Transfer from Stage 3 to Stage 1	152	-	(152)	-	-
Transfer from Stage 3 to Stage 2	-	25	(25)	-	-
Financial assets derecognised during the period other than write-offs	(117,958)	(7,286)	(896)	-	(126,140)
New financial assets originated or purchased	238,038	11,694	409	-	250,141
Modification of contractual cash flows	(67,203)	(2,806)	(839)	-	(70,848)
Write-offs	-	-	(3,005)	-	(3,005)
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2024	**469,496**	**21,588**	**9,954**	**-**	**501,038**

(Amounts in thousands of EUR, unless otherwise stated)

9. Investments in securities

	As at 31 December 2025	As at 31 December 2024
Investments securities – at FVOCI		
Government bonds	99,755	47,768
Accrued Interest	191	48
Fair value adjustment	88	-
Allowance for impairment	(54)	(26)
	99,980	**47,790**
Investments in securities – at Amortized Cost		
Government bonds	-	7,810
Accrued Interest	-	151
Allowance for impairment	-	(2)
	-	**7,959**
Total Investments in Securities	**99,980**	**55,749**

The weighted average of the remaining period of the bonds ending in 2025 is < 0.6 years, (2024 <0.5 years) while the most distant investment period is 4 years, expressed in EURO, USD and CHF.
Bank investment portfolio is classified as FVOCI, and all of these investments are invested in securities issued by the Government of Kosovo, France, Switzerland, Germany, Austria and the USA. The average of interest is 2.66% (2024: 3.06%), for active portfolio whith year-end

(Amounts in thousands of EUR, unless otherwise stated)

The following table provides for the movement of investment securities measured at FVOCI and amortized cost during 2025 and 2024:

	Investments at FVOCI	Investments at Amortized Cost	Total
At 01 January 2025	**47,768**	**7,810**	**55,578**
Additions	296,383	-	303,434
Disposal	(251,568)	(7,810)	(259,378)
Acquired through acquisition	7,051	-	-
Fair value adjustment	88	-	88
Unrealized gain/(loss)	121	-	121
At 31 December 2025	**99,843**	**-**	**99,843**
At 01 January 2024	**10,546**	**-**	**10,546**
Additions	119,556	63,524	183,080
Disposal	(82,471)	(55,714)	(138,185)
Unrealized gain/(loss)	137	-	137
At 31 December 2024	**47,768**	**7,810**	**55,578**

9.1 Investments in subsidiary

	As at 31 December 2025	As at 31 December 2024
Investments in Insurance Company Siguria Sh.a.	7,358	7,358
Total Investments in Subsidiary	**7,358**	**7,358**

On 17 May 2022 the Bank initiated the process of purchasing Insurance Company Siguria Sh.a. by signing a contract of purchase with the prior shareholder of Insurance Company Siguria Sh.a. The contract was sent to the Regulator for approval.

(Amounts in thousands of EUR, unless otherwise stated)

9.1 Investments in subsidiary (continued)

The approval from the Regulator regarding the transaction for the purchase of Insurance Company Siguria Sh.a. was received by the Bank on 22 June 2022 and Competition authority approval was received on 9 September 2022.
Further to receipt of regulatory approvals, on 12 September 2022, the Bank completed its purchase process of acquiring 100% stake in Insurance Company Siguria Sh.a, after transferring consideration agreed of EUR 2,100 thousand to prior shareholder of Insurance Company Siguria Sh.a.

Subsequent to the date of purchase, additional amount of EUR 958 thousand, EUR 3,000 thousand and EUR 1,300 thousand was invested in Insurance Company Siguria Sh.a. on 30 September 2022, 19 December 2022 and 01 September 2023, respectively.
As of 31 December 2025, and 2024, the Bank is the sole shareholder of Insurance Company Siguria Sh.a.

10. Property equipment and right-of use-assets

The following is a breakdown of property and equipment owned and leased:

	2025	2024
Property, plant and equipment owned	11,861	10,795
Right-of-use assets (ROU) IFRS 16	2,850	2,740
Property, Plant and Equipment and right-of use-assets	**14,711**	**13,535**

(Amounts in thousands of EUR, unless otherwise stated)

The Bank leases several assets which consist of premises. Information about Right of Use assets and Lease liabilities for which the Bank is a lessee is presented below:

Right-of-use assets	**2025**	**2024**
Balance at 1 January	**2,740**	**2,714**
Additions in current year	1,243	2,411
Disposals / terminated contracts	(29)	(1,174)
Depreciation charge for the year	(1,104)	(1,211)
Balance at 31 December	**2,851**	**2,740**
Lease Liability as at January 1, 2024		**2,508**
+ Additions		1,498
- Less Disposals		(280)
- Less lease payments		(1,043)
+ Interest on Lease Liabilities		91
Lease liability as at December 31, 2024		**2,774**
+ Additions		1,233
- Less Disposals		(3)
- Less lease payments		(1,198)
+ Interest on Lease Liabilities		138
Lease liability as at December 31, 2025		**2,944**

10. Property and equipment and right-of use-assets (continued)

Amounts recognized in the profit or loss of the Bank for the years ended 31 December 2025 and 2024:

	2025	**2024**
Interest on lease liabilities - IFRS 16	(138)	(91)
Depreciation of ROU	(1,104)	(1,211)
Total expenses from leases	**(1,242)**	**(1,302)**

(Amounts in thousands of EUR, unless otherwise stated)

Cost or Revaluation	**Buildings**	**Leasehold improvements**	**Furniture, fixtures and equipment**	**Computers and related equipment**	**Motor vehicles**	**Total**
At 1 January 2024	10,869	1,306	4,051	2,290	972	19,488
Additions	-	324	773	235	7	1,339
Write-offs	-	(332)	(431)	(66)	(71)	(900)
At 31 December 2024	**10,869**	**1,298**	**4,393**	**2,459**	**908**	**19,927**
Revaluation	1,579	-	-	-	-	1,579
Additions	-	29	293	230	179	731
Write-offs/Elimination	(3,118)	(371)	(84)	(66)	(59)	(3,698)
At 31 December 2025	**9,330**	**956**	**4,602**	**2,623**	**1,028**	**18,539**
Accumulated depreciation						
At 1 January 2024	**2,472**	**716**	**2,970**	**1,742**	**697**	**8,598**
Charge for the year	323	204	495	213	108	1,343
Write-offs	-	(301)	(374)	(63)	(71)	(809)
At 31 December 2024	**2,795**	**619**	**3,091**	**1,893**	**734**	**9,132**
Charge for the year	323	187	389	215	100	1,214
Write-offs/Elimination	(3,118)	(359)	(81)	(67)	(43)	(3,668)
At 31 December 2025	**-**	**447**	**3,399**	**2,041**	**791**	**6,678**
Carrying amount						
At 1 January 2024	**8,397**	**590**	**1,081**	**547**	**275**	**10,892**
At 31 December 2024	**8,074**	**679**	**1,302**	**566**	**174**	**10,795**
At 31 December 2025	**9,330**	**509**	**1,203**	**582**	**237**	**11,861**

As at 31 December 2025 and 2024 the Bank does not have, any property or equipment pledged as collateral.
The carrying amount of property and equipment and intangible assets of the Bank at 31 December 2025 was EUR 15,883 thousand representing 17.61% of Tier 1 capital (2024: EUR 14,004 thousand representing 21.04 % of Tier 1 capital). The maximum regulatory limit of property and equipment and intangible assets is 50% of Tier 1 capital. No breach of such ratio was reported in 2025, nor in 2024.

(Amounts in thousands of EUR, unless otherwise stated)

If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	2025	2024
Balance at 1 January	**3,521**	**3,662**
Additions in current year	-	-
Less: Depreciation	(141)	(141)
Balance at 31 December	**3,380**	**3,521**

11. Intangible assets

Cost	Software	Intangible assets in development	Total
At 1 January 2024	**2,664**	**2,282**	**4,946**
Additions during the year	675	16	691
Transfers	1,184	(1,184)	-
Write-offs	(770)	-	(770)
Impairment loss	-	(365)	(365)
At 31 December 2024	**3,753**	**749**	**4,502**
Additions for the year	762	96	858
Transfers	143	(143)	-
Write-offs	(469)	-	(469)
Impairment	-	(580)	(580)
At 31 December 2025	**4,189**	**122**	**4,311**
Accumulated amortization			
At 1 January 2024	1,086	-	1.086
Charge for the year	752	-	752
Write-offs	(556)	-	(556)
At 31 December 2024	**1,282**	**-**	**1,282**
Charge for the year	1,071	-	1,071
Write-offs	(337)	-	(337)

(Amounts in thousands of EUR, unless otherwise stated)

At 31 December 2025	**2,016**	**-**	**2,016**
Carrying amount			
At 31 December 2024	**2,471**	**749**	**3,220**
At 31 December 2025	**2,173**	**122**	**2,295**

On November 2018, the Bank signed a contract for the development of a new core banking system.
Subsequently, the Bank concluded that the functionality of the new system does not entirely complement with their existing IT as a result, in 2022 and with an additional review in 2023 the bank re-entered into a discussion with the contractor and negotiated a revised contract, under which the existing core banking system would be upgraded to cover developments that were initially envisioned under the new core banking system, without any additional cost to the Bank.
The Bank and the Contractor have agreed on a specific list of modules and upgrades to be made in the existing core banking system, with the timeline of completion being kept the same as the base contract i.e., EOY 2024.
Due to the projects not meeting the contractual completion requirements, an amendment was enacted on December 29, 2023, altering the agreement between the Bank and the Contractor. This amendment extended the deadlines for unfinished projects, alongside reallocating resources among them, with an initial anticipated completion in 2024, which was further delayed to 2025. Conversely, after analysing the recoverable amount of these unfinished projects, an impairment loss of EUR 580 thousand as of 31 December 2025 (2024: 365 thousand) has been recognized in the statement of profit or loss and other comprehensive income.
As at 31 December 2025 and 2024 the Bank does not have intangible assets pledged as collateral.

12. Other assets

	As at 31 December 2025	As at 31 December 2024
Receivable from related party (Note 24)	-	1,170
Repossessed property	1,560	737
Prepayments	445	688
VAT receivable	358	266
Prepaid interest on deposits	152	128
Other	1,606	771
Allowance for impairment	(647)	(620)
Total	**3,474**	**3,140**

(Amounts in thousands of EUR, unless otherwise stated)

Movements in repossessed property during the years are shown below:

	2025	2024
Balance at 1 January	737	868
Additions in current year	1,268	1,636
Sold during the year	(170)	(1,498)
Write down	(275)	(269)
Balance at 31 December	**1,560**	**737**

13. Deposits from customers

	As at 31 December 2025	As at 31 December 2024
Current accounts	283,014	267,106
Blocked accounts	16,781	15,858
Flexi deposits	4,352	4,854
Savings accounts	34,858	32,919
	339,005	**320,737**
Add: Current maturity of long-term customer deposits	228,929	147,688
Total short-term customer deposits	**567,934**	**468,425**
Time Deposits	350,797	270,773
	350,797	**270,773**
Less: Current maturity of long-term customer deposits	(228,929)	(147,688)
Total long-term customer deposits	**121,868**	**123,085**
Accrued interest	6,190	5,426
Total before fair value adjustment	**695,992**	**596,936**
Fair value adjustment (note 26)	(562)	-
Total	**695,430**	**596,936**

Majority of the current accounts are non-interest bearing.

(Amounts in thousands of EUR, unless otherwise stated)

The average effective interest rates for time deposits during 2025 and 2024 were as follows:

Year	! Month	3 Months	6 Months	1 Year	18 Months	2-5 Years	>5 years
2025	0.09%	3.06%	2.93%	2.91%	2.81%	2.80%	3.37%
2024	0.03%	2.70%	2.44%	2.58%	2.40%	2.64%	2.51%

14. Due to banks

Balances due to banks amounting EUR 2,588 thousand (2024: EUR 1,096 thousand) represent short-term deposits placed with a local bank.

15. Other liabilities

	As at 31 December 2025	As at 31 December 2024
Lease liabilities (Note 10)	2,944	2,774
Accrued expenses	853	553
Provision for losses from guarantees	246	37
Other taxes payable	183	151
Provisions for litigations	149	153
Other deferred income	126	220
Pension and social assistance charges	53	43
Total	**4,554**	**3,931**

The movement in the provision for losses from guarantees issued by the Bank is as follows:

	2025	2024
Provisions as at 1 January	37	84
Charge/(Release) for the year	209	(47)
Provisions as at 31 December	**246**	**37**

(Amounts in thousands of EUR, unless otherwise stated)

16. Share Capital and reserves

The authorised and paid up share capital of the Bank comprises 151,851 ordinary shares (2024: 114,930 ordinary shares) with par value of EUR 256 each (2024: 256). The shareholding structure of the Bank is as follows:

	As at 31 December 2025		As at 31 December 2024	
	%	**Amount**	**%**	**Amount**
Behgjet Pacolli	35	13,659	35	10,246
Immobiliare Red Llc	29	11,200	29	8,402
Immobiliare Blue Llc	18	7,146	18	5,360
Xhabir Kajtazi	12	4,642	12	3,482
Ismet Gjoshi	3	987	3	987
Hasan Hajdari	1	396	1	297
Zyra Hajdari	1	380	1	285
Others with less than 1%	1	464	1	363
	100	**38,874**	**100**	**29,422**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. All shares rank equally with regard to the Bank's residual assets.
No dividends were declared and/or paid for the year ended 31 December 2025, (2024: Dividends amounting to EUR 3,000 thousand at EUR 26.1 per share were paid on 3 June 2024).
During the year ended 31 December 2025, the Bank in its shareholder's meeting, approved the issuance of 38,281.25 ordinary shares (2024: Nil) at a price of EUR 256 per share. All ordinary shares were issued at par value of EUR 256 per share. The issuance of new shares was approved by the Central Bank of Kosovo through their decision no. 63 – 24/2025 on June 27, 2025, effective from July 1, 2025.
In accordance with Law no. 04/L-093 on "Banks, Microfinance Institutions and Non-Bank Financial Institutions", the minimum paid-in capital for domestic banks operating in Kosovo is EUR 7 million.

(Amounts in thousands of EUR, unless otherwise stated)

16. Share Capital and reserves (continued)

Revaluation reserves

The movement in revaluation reserve is as follows:

	2025	2024
Revaluation reserve as at January 1	4,887	4,746
Property revaluation (net of tax)	1,598	4
Revaluation reserve of investment securities measured at FVOCI	121	137
Balance as of December 31	**6,606**	**4,887**

17. Net Interest income calculated using the effective interest method

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income		
Loans to customers	37,696	33,469
Deposits and balances with banks	443	691
Investments in securities	1,889	1,813
Total Interest income	**40,028**	**35,973**
Interest expense		
Deposits from customers	(8,731)	(7,650)
Subordinated debt expenses	(136)	-
Interest on lease liabilities IFRS 16	(138)	(91)
Total Interest expense	**(9,005)**	**(7,741)**
Net interest income	**31,023**	**28,232**

(Amounts in thousands of EUR, unless otherwise stated)

18. Net fee and commission income

	Year ended December 31, 2025	Year ended December 31, 2024
Banking services	6,367	5,552
Guarantees	433	389
Fee and commission income	**6,800**	**5,941**
Swift expenses	(1,386)	(1,105)
License and other regulatory fees	(622)	(562)
Fee and commission expenses	**(2,008)**	**(1,667)**
Net fee and commission income	**4,792**	**4,274**

19. Other operating income, net

	Year ended December 31, 2025	Year ended December 31, 2024
Gain from sale of repossessed assets	59	346
Net foreign exchange gains/(losses) – (note 19.1)	143	150
(Loss)/Gain from sale of Investments	(7)	5
Other income	361	263
	556	**764**

19.1 Net foreign exchange gains/(losses)

Net foreign exchange gains/(losses) include foreign exchange gains amounting to Euro 11,210 thousand (2024: 5,452 thousand) and foreign exchange losses amounting to 11,067 thousand (2024: 5,302 thousand)

(Amounts in thousands of EUR, unless otherwise stated)

20. Personnel expenses

	Year ended December 31, 2025	Year ended December 31, 2024
Wages and salaries	6,044	5,154
Pension contributions	301	277
Other compensations	138	154
Total	**6,483**	**5,585**

21. Other expenses

	Year ended December 31, 2025	Year ended December 31, 2024
Repair and maintenance	2,015	1,734
IT services	1,585	1,622
Security	1,631	1,515
Master card operational expenses	1,333	1,163
Deposit insurance fees	1,307	869
Other	1,433	679
Sponsorship – allowed for tax purposes	487	407
Visa card expenses	472	328
Advertising and marketing	410	599
Professional charges and other related legal fees	374	237
Utilities and fuel	326	327
Write down of repossessed assets	275	269
Fee expenses related to FKGK	273	174
Communication	256	229
Release / (Charge) from guarantees	209	(47)
Write off of PPE and IA	180	314
Consulting related expenses	141	74
Representation expenses	115	181
Credit collection services	92	401
Litigation	67	158
Office materials	51	54
Travel	49	60
Printing	34	48
Impairment charge on other assets	27	620
Total	**13,142**	**12,062**

(Amounts in thousands of EUR, unless otherwise stated)

22. Income tax

Income tax in Kosovo is assessed at the rate of 10% (2024: 10%) of taxable income.
The following represents a reconciliation of the accounting result to the income tax:

	2025	2024
Profit before income tax (excluding sponsorship)	**1,319**	**1,206**
Tax at the rate of 10%		
Adjusted for:		
Non-deductible expenses	409	342
Additional tax-deductible interest expenses	53	(22)
Exempted income	(40)	(33)
Tax depreciation adjustment	(212)	(220)
Add allowable interest expenses	96	83
Income tax expense for the year	**1,625**	**1,356**
Effective tax rate	12.32%	11.24%
Sponsorship in culture and sport (up to 30% of the income tax expense)	(487)	(407)
Income tax expense	**1,138**	**949**
Deferred Tax Charge	**14**	**14**
Income Tax Expense recognized in profit and loss and other comprehensive income	**1,152**	**963**

23.Commitments and Contingencies

The Bank issues guarantees for its customers. These instruments bear a credit risk similar to that of loans granted to customers. Based on management's estimate, no material losses related to guarantees outstanding at 31 December 2025 and 2024 will be incurred.

Guarantees	**2025**	**2024**
Secured by cash deposits	5,662	2,545
Secured by other collateral	11,659	10,661
	17,321	**13,206**

(Amounts in thousands of EUR, unless otherwise stated)

Credit Commitments

Approved but not disbursed loans	11,514	3,580
Overdrafts	23,021	19,532
Credit cards	8,873	7,945
Unused credit facilities	**43,408**	**31,057**

Other collaterals pledged for guarantees, include mainly pledge and real estate properties. Commitments represent the undrawn balances of loans, overdraft and card limits granted to the customers.

Litigations
As at 31 December 2025, the Bank has recognized provisions in the amount of EUR 149 thousand (31 December 2024: EUR 153 thousand), regarding legal proceedings. The management believes that the provisions recognized are a reasonable estimate against the outcome of ongoing lawsuits against the Bank as at December 31, 2025.

24. Related party transactions

In accordance with IAS 24 "Related Party Disclosures", a related party is any party that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.
In the course of conducting its banking business, the Bank entered into various business transactions with related parties and the balances with the shareholders and affiliated individuals and entities at 31 December 2025 and 2024 are as follows:

	Board of Directors		**Key management**		**Major shareholders and other parties related to them**		**Total**	
Assets	**31 December 2025**	**31 December 2024**	**31 December 2025**	**31 December 2024**	**31 December 2025**	**31 December 2024**	**31 December 2025**	**31 December 2024**
Loans to customers								
Loans to customers, net	39	85	260	271	7,420	5,534	7,719	5,890
Intangible in progress	-	-	-	-	122	541	122	541
Receivables – B&A	-	-	-	-	6	1,170	6	1,170
Impairment – B&A	-	-	-	-	(647)	(620)	(647)	(620)
Total assets	**39**	**85**	**260**	**271**	**6,859**	**6,625**	**7,208**	**6,981**
Liabilities								
Deposits from customers	(55)	(94)	(373)	(232)	(53,809)	(23,525)	(54,236)	(23,851)
Subordinated debt	-	-	-	-	(2,136)	-	(2,136)	-
Total liabilities	**(55)**	**(94)**	**(373)**	**(232)**	**(56,945)**	**(23,525)**	**(56,373)**	**(23,851)**
Guarantees	-	-	-	-	245	503	245	503
Total off-balance sheet	**-**	**-**	**-**	**-**	**245**	**503**	**245**	**503**

(Amounts in thousands of EUR, unless otherwise stated)

The total estimated value of collateral obtained from related parties at 31 December 2025 amounted to EUR 36,357 thousand Eur (31 December 2024: amounted to EUR 24,765 thousand Eur). The unused credit commitments with related parties as at 31 December 2025 are EUR 1,126 thousand Eur (2024: EUR 1,096 thousand Eur). Due to related parties represent 7.79 % (2024: 3.99 %) of total deposits.

Transactions with related parties during 2025 and 2024 are as follows:

	Board of Directors		Key management		Major shareholders and other parties related to them		Total	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Interest income	5	8	6	10	470	628	481	646
Fee and commission income	1	2	3	5	147	101	151	108
Interest expense	-	-	-	-	(257)	(108)	(257)	(108)
Implementation expense-BV	-	-	-	-	(1,392)	(1,399)	(1,392)	(1,399)
Expense - B&A	-	-	-	-	(1,404)	(1,664)	(1,404)	(1,664)
Capex - B&A	-	-	-	-	(517)	(1,758)	(517)	(1,758)
Expense - Royal Security	-	-	-	-	(18)	(84)	(18)	(84)
Rent	-	-	-	-	(577)	(427)	(577)	(427)

Total remuneration to the Bank's key management is as follows:

	2025	2024
Short-term employee benefits for Board of Directors	111	154
Short-term employee benefits for key management	371	372
	483	**526**

25. Financial risk management

(a) Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:
• market risk
• credit risk
• liquidity risk

Risk management framework

This note presents information about the Bank’s exposure to each of the above risks, the Bank’s objectives, policies and processes for measuring and managing risk, and the Bank’s management of capital.
The Board of Directors (“the Board”) has overall responsibility for the establishment and oversight of the Bank’s risk management framework. The Board has established the Asset and Liability Committee (“ALCO”), Credit Committee, Audit Committee, and Risk Committee, which are responsible for developing and monitoring the Bank’s risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.
The Bank’s risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.
The Bank aims to develop a constructive control environment, in which all employees understand their roles and obligations.
The Bank’s Audit Committee is responsible for monitoring compliance with the Bank’s risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank’s Audit Committee is assisted by the Internal Audit Department. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.
The Bank operates in the condition of a dynamically developing global financial and economic crisis. Its further extension might result in negative implications on the financial position of the Bank. The management of the Bank performs daily monitoring over all positions of assets and liabilities, income and expenses, as well as the development of the international financial markets. Based on this, the management analyses profitability, liquidity and the cost of funds and implements adequate measures in respect to credit, market (primarily interest rate) and liquidity risk, thus limiting the possible negative effects from the global financial and economic crisis. In this way the Bank responds to the challenges of the market environment, maintaining an adequate capital and liquidity position.

(b) Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank’s loans to customers and to other banks. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Credit Risk Department is responsible for the management of the Bank’s credit risk. The management of the credit risk exposures to borrowers is conducted through regular analysis of the borrowers’ credit worthiness. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

(Amounts in thousands of EUR, unless otherwise stated)

25. Financial risk management (continued)

(b) Credit risk (continued)
Analysis of credit quality
The tables below set out information about the credit quality of financial assets and the allowance for impairment/loss held by the Bank against those assets.
The table below represents a maximum exposure to credit risk exposure of the Bank at 31 December 2025 and 2024, without taking into account any collateral held or other credit enhancements attached. For financial assets, the exposures set out below represent the net carrying amounts as reported in the statement of financial position.

	Loans to customers		**Investments in securities**		**Current accounts with banks and CBK**		**Financial guarantees**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Maximum exposure to credit risk								
Carrying amount	560,541	491,220	99,980	55,749	92,751	82,639	-	-
	560,541	**491,220**	**99,980**	**55,749**	**92,751**	**82,639**	**-**	**-**
At amortized cost	**574,178**	**501,110**	**100,034**	**55,777**	**92,797**	**82,703**	**-**	**-**
Allowance for impairment	(13,637)	(9,890)	(54)	(28)	(47)	(64)	-	-
Net carrying amount	**560,541**	**491,220**	**99,980**	**55,749**	**92,751**	**82,639**	**-**	**-**
Off balance: maximum exposure							-	-
Credit commitments: Low - fair risk	43,408	31,057	-	-	-	-	17,321	13,206
Total committed/guaranteed	**43,408**	**31,057**	-	-	-	-	17,321	13,206
Provisions recognized as liabilities	-	-	-	-	-	-	(246)	(37)
Total exposure	**43,408**	**31,057**	**-**	**-**	**-**	**-**	**17,075**	**13,169**

(Amounts in thousands of EUR, unless otherwise stated)

25. Financial risk management (continued)

(b) Credit risk (continued)
Analysis of credit quality (continued)

	2025				2024			
Loans to customers	**Individuals**	**Micro**	**Corporate**	**Total Loans**	**Individuals**	**Micro**	**Corporate**	**Total Loans**
Total gross amount (excluding fair value adjustment)	189,535	172,236	212,740	574,511	166,263	161,525	173,322	501,110
Allowance for impairment	(6,775)	(5,077)	(1,785)	(13,637)	(4,619)	(4,773)	(498)	(9,890)
Net carrying amount	**182,760**	**167,159**	**210,955**	**560,874**	**161,644**	**156,752**	**172,824**	**491,220**
Loans with renegotiated terms								
Carrying amount	709	1,901	-	2,610	305	1,939	264	2,508
Allowance for impairment	(307)	(467)	-	(774)	(106)	(419)	(80)	(605)
Net carrying amount	**402**	**1,434**	**-**	**1,836**	**199**	**1,520**	**184**	**1,903**
Loans by past due days								
Not past due	180,032	151,970	200,350	532,352	156,155	145,964	171,308	473,427
Past due 1-30 days	4,498	12,026	10,969	27,493	6,067	9,670	1,436	17,173
Past due 31 - 90 days	1,339	2,788	33	4,160	1,244	1,924	42	3,210
Past due 91 – 365 days	1,885	2,016	1,055	4,956	1,299	1,679	93	3,071
Past due over 365 days	1,781	3,436	333	5,550	1,498	2,288	443	4,229
	189,535	**172,236**	**212,740**	**574,511**	**166,263**	**161,525**	**173,322**	**501,110**

25. Financial risk management (continued)

(b) Credit risk (continued)

Impairment and provisioning
The total allowances that are required by the IFRS on 'Credit Risk Management' (see 3. (f) (viii), include losses that have been incurred at the reporting date (the 'incurred loss model') and expected credit losses.
The Bank assesses the probability of default of the counterparties, using internal rating tools tailored to the various categories of counterparties. Such tools combine statistical analysis and judgment and are validated, where appropriate, by comparison with externally available data.
Counterparties are segmented into five rating classes and the Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. Exposures migrate between classes as the assessment of their probability of default changes. The rating tools are continuously reviewed, upgraded and validated by the Bank.
Loans are rated from A to E in the Bank's internal credit risk rating system:

- A Standard
- B Watch
- C Sub-standard
- D Doubtful
- E Loss

The Bank reports the classification of its borrowers to the CBK and the Credit Register of Kosovo.
The impairment policy for these loans is detailed in Note 3.(f) (viii).
Individual and collective assessment of loan portfolio
For internal management purpose, the Bank segregates the loans into loans that are assessed individually for impairment: these are loans that are classified as substandard-list or lower. All other loans are analyzed collectively for impairment assessment purposes.

25. Financial risk management (continued)

(b) Credit risk (continued)

Analysis of credit quality (continued)
The Bank assesses ECL (expected credit losses) on individual basis for outstanding exposures EUR >100 thousand that are classified in stage 3 on monthly basis while discounting the projected cash inflow with NEI. Moreover, such exposures are closely monitored by the Bank and reported due to their size and potential impact on the Bank's profit or loss.

(Amounts in thousands of EUR, unless otherwise stated)

Past due but not impaired loans
Loans and securities, where contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Write-off policy
The Bank writes off a loan (and any related allowances for impairment) with the decision of the Board of Directors, in accordance with the regulations of Central Bank of Kosovo. The write-off decision is taken after considering information such as the occurrence of significant changes in the borrower issuer's financial position, such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The total amount written off during 2025, is EUR 686 thousand (2024: EUR 3,031 thousand).

Due from banks
Interbank exposures are closely monitored on a daily basis by risk management and the Treasury Department. The Bank limits its deposits and other banking transactions to sound local or international banks. Before a business relationship is initiated with a given bank, the management and the Risk Department carry out an analysis of the institution's financial standing. The financial performance of the counterparties is continuously monitored. Moreover, all correspondent banks as well as bond issuers in which the Bank has investment exposures are continuously monitored for their ratings by international rating agencies like: Standard & Poor's (S&P), Fitch and Moody's.
In accordance to the new regulation on large exposures of the Central Bank of Republic of Kosovo, banks shall not have any aggregate credit risk exposure to related counterparties exceeding 15% of Tier I Regulatory Capital. Loans to banks are granted without collateral. The table below presents the Bank's current accounts and time deposits with corresponding banks by credit ratings:

At 31 December	2025	2024
AAA to AA-	10,225	1,744
AAA+ to BBB	-	-
A+ to A-	7,097	3,906
BBB+ to BBB-	4,776	4,134
BBB+ to B-	-	-
BB+ to B-	443	3,257
Not Rated	-	-
Local Banks	3,650	9,367
	26,191	**22,408**

(Amounts in thousands of EUR, unless otherwise stated)

25. Financial risk management (continued)

(b) Credit risk (continued)

Analysis of credit quality (continued)
Investments in securities
Investments in debt securities are only with the Kosovo Government. These securities are not rated. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Lending commitments and financial guarantees
The maximum exposure from financial guarantees represents the maximum amount that the Bank should pay if the guarantee is called on, which may be significantly greater than the amount recognized as a liability. The maximum credit exposure for lending commitments is the full amount of the commitment.

Risk limit control and mitigation policies
The Bank manage limits and controls the concentrations of credit risk wherever they are identified in particular to individual counterparties and groups, and to affiliates.
The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a regular basis and subject to an annual or more frequent review, if necessary.
Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Other controls and mitigation measures are outlined below.

Collateral held and other credit enhancements, and their financial effect
The Bank holds collateral against loans to customers in the form of mortgage interests over property and other movable assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing. Collateral generally is not held over loans to banks. An estimate of the fair value of collateral and other security enhancements held against loans is shown below:

	2025		2024	
	Loans to customers	**FV of collateral**	**Loans to customers**	**FV of collateral**
Mortgages	232,859	877,653	197,910	652,489
Cash collateral	19,868	15,608	16,148	18,102
Pledge	158,873	374,687	162,034	367,979
Mixed (mortgages and pledge)	75,552	307,026	57,116	261,195
Not collateralised	87,359	-	67,902	-
Total	**574,511**	**1,574,974**	**501,110**	**1,299,765**

(Amounts in thousands of EUR, unless otherwise stated)

Concentration of credit risk
As at 31 December 2025, the Bank has had exposures that exceed 10% of Tier 1 capital. The highest exposure was at 11.64%, there were in total two loans exposures exceeding 10% of Tier 1 capital. (2024: 11.56%, two loans exposures). The exposures to related parties at 31 December 2025, represent 8.43% (2024: 13.18%) of the Tier 1 Capital. Exposures to related parties are covered by cash collateral represents 4.07% (2024: 3.71%) of the Tier 1 Capital.
The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

25. Financial risk management (continued)

(b) Credit risk (continued)
Analysis of credit quality (continued)

Concentration of credit risk (continued)	Loans to customers		Investments in securities		Current accounts with banks and CBK		Financial guarantees	
	2025	2024	2025	2024	2025	2024	2025	2024
Concentration by sector								
Corporate	210,955	172,825	-	-	-	-	14,493	10,155
Government	-	-	99,980	55,749	-	-	-	-
Banks	-	-	-	-	92,751	82,639	-	-
Individuals	182,760	161,643	-	-	-	-	13	-
Micro entities	167,159	156,752	-	-	-	-	2,815	3,050
Total	**560,874**	**491,220**	**99,980**	**55,749**	**92,751**	**82,639**	**17,321**	**13,205**
Concentration by location								
EU countries	-	-	-	-	22,557	21,308	-	-
Republic of Kosovo	560,874	491,220	99,980	55,749	70,194	61,331	17,075	13,169
Total	**560,874**	**491,220**	**99,980**	**55,749**	**92,751**	**82,639**	**17,075**	**13,169**

Effects of Ukraine-Russia War

The Russian Federation's invasion of Ukraine and the subsequent global response to those military actions may have significant financial effects on many entities and financial markets. These include entities with physical operations in Ukraine, Russia and Belarus, as well as indirect interests. The Bank does not have any significant direct exposure to Ukraine, Russia or Belarus. Nevertheless, the Bank is continuously monitoring the developments related to the effects of Ukraine-Russia War. The Bank's financial position continues to be stable and growing steadily. This increase is observed in the increase of loans and deposits, as well as in interest income and in income from fees and commissions.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is comprised of the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The assets and customer term deposits of the Bank carry fixed interest rates. The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest- bearing assets and liabilities mature or reprice at different times or in differing amounts. The Bank attempts to mitigate this risk by monitoring the repricing dates of its assets and liabilities. In addition, the actual effect will depend on a number of other factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within repricing periods and among currencies.

25. Financial risk management (continued)

(c) Market risk (continued)
Interest rate risk (continued)

Bank's exposures are based on Kosovo marked interest rates and the Bank faces only repricing risk.

On quarterly basis are held the Operational Risk Management Meetings, where are discussed the following issues:
- The report on the Operational Risk- the report is prepared from the Department of Risk
- The report on the Liquidity and Market Risk- the report is prepared from the Department of Risk
- The report on Interest rate risk - the report is prepared from the Department of Risk. The report details the interest rates of the Bank in comparison to the market interest rates and gives details of the changes in the interest rates in the market, any unusual fluctuations.

The Department of Treasury on a constant basis monitors the interest rates risk through monitoring the market conditions and taking necessary re- pricing or reallocation decisions with the approval of the Asset and Liability Committee. A report with regard to this monitoring is prepared and presented in the meeting of Assets and Liabilities Committee. Necessary measures are taken whether interest rates are changing adversely. The report includes analysis on the top depositors, their impact of the rates of deposits, investments on securities analysis, average interest rates on client accounts, GAP analysis on liquidity risk.

(Amounts in thousands of EUR, unless otherwise stated)

Exposure to interest rate risk

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities, the Bank is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the savings rate, LIBOR and EURIBOR and different types of interest. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Bank's business strategies.

Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes. In decreasing interest rate environments, margins earned will narrow as liabilities interest rates will decrease with a lower percentage compared to assets' interest rates. However, the actual effect will depend on various factors, including stability of the economy, environment and level of the inflation.

The average effective yields of significant categories of financial assets and liabilities of the Bank as at 31 December 2025 and 2024 are as follows:

	USD		EUR		CHF		GBP	
Assets	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Cash on hand and at banks	3.31%	0.72%	0.51%	0.85%	(0.43)%	-	(0.22)%	-
Balances with CBK	-	-	0.30%	0.30%	-	-	-	-
Loans to customers	-	-	6.91%	6.95%	-	-	-	-
Investment securities at AAC	-	-	-	3.19%	-	-	-	-
Investment securities at FVOCI	3.73%	4.19%	2.16%	2.94%	(0.10)%	(0.32)%	-	-
Liabilities								
Customer deposits	2.05%	0.83%	1.45%	1.23%	0.05%	0.02%	0.01%	-

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios include a 1% parallel fall or rise in all yield curves.

25. Financial risk management (continued)

(c) Market risk (continued)
Exposure to interest rate risk (continued)

	2025	2024
Description	**Fixed Rate Totals (000)**	**Fixed Rate Totals (000)**
Total Assets and Long Positions	**667,113**	**552,569**
Total Liabilities and Short Positions	**801,089**	**675,281**
Net position (unweighted)	**(133,976)**	**(122,712)**
Description	**Variable Rate Total (000)**	**Variable Rate Total (000)**
Assets and Long Positions		
Loans and advances to clients	**133,976**	**122,712**
Total Assets and Long Positions	**133,976**	**122,712**
Liabilities and Short Positions	**-**	**-**
Net position (unweighted)	**(133,976)**	**(122,712)**
Total Capital (Tier I + Tier II)	**97,311**	**70,644**
Variable IR Assets to Fixed Rate IR Assets Rate %	**20.08%**	**22.21%**

The Bank continues to be exposed to a similar proportion of interest rate risk. The Bank has approximately 20% (2024: 22%) of its assets at variable rates.

(Amounts in thousands of EUR, unless otherwise stated)

25. Financial risk management (continued)

(c) Market risk (continued)
Exposure to interest rate risk (continued)

31 December 2025	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Mbi 5 years	Non-interest bearing	Total
Assets								
Cash on hand and at banks	13,877	-	-	-	-	-	32,187	**46,064**
Balances with CBK	66,560	-	-	-	-	-	-	**66,560**
Investments in securities	22,738	21,096	20,771	27,218	8,157	-	-	**99,980**
Loans to customers - Fixed rate	8,584	22,954	45,772	55,321	249,582	178,661	-	**560,874**
Other assets	-	-	-	-	-	-	1,475	**1,475**
Total	**111,759**	**44,050**	**66,543**	**82,539**	**257,739**	**178,661**	**33,662**	**774,953**
Liabilities								
Deposits from customers – Fixed rate	82,008	24,771	32,943	164,015	124,378	306	267,571	**695,992**
Due to Banks	2,162	-	426	-	-	-	-	**2,588**
Subordinated debt	-	-	-	-	-	2,136	-	**2,136**
Other liabilities	-	-	-	56	2,344	545	1,237	**4,182**
Total	**84,170**	**24,771**	**33,369**	**164,071**	**126,722**	**2,987**	**268,808**	**704,898**
Gap	**27,589**	**19,279**	**33,174**	**(81,532)**	**131,017**	**175,674**	**(235,146)**	**70,055**
Cumulative gap	**27,589**	**46,868**	**80,042**	**(1,490)**	**129,527**	**305,201**	**70,055**	

(Amounts in thousands of EUR, unless otherwise stated)

31 December 2024	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 years	Mbi 5 years	Non-interest bearing	Total
Assets								
Cash on hand and at banks	10,622	-	-	-	-	-	29,862	**40,484**
Balances with CBK	60,232	-	-	-	-	-	-	**66,232**
Investments in securities	32,618	12,372	2,973	-	108	7,678	-	**55,749**
Loans to customers - Fixed rate	4,603	19,497	-	49,639	228,663	161,164	-	**491,220**
Other assets	-	-	-	-	-	-	1,715	**1,715**
Total	**108,075**	**31,896**	**30,627**	**49,639**	**228,771**	**168,842**	**31,577**	**649,400**
Liabilities								
Deposits from customers – Fixed rate	58,875	22,839	21,285	101,041	124,303	1,354	267,239	**596,936**
Due to Banks	614	-	482	-	-	-	-	**1,096**
Otherliabilities	-	-	-	3	1,681	1,090	900	**3,674**
Total	**59,489**	**22,839**	**21,767**	**101,044**	**125,984**	**2,444**	**268,139**	**601,706**
Gap	**48,586**	**9,030**	**8,860**	**(51,405)**	**102,787**	**166,398**	**(236,562)**	**47,694**
Cumulative gap	**48,586**	**57,616**	**66,476**	**15,071**	**117,859**	**284,256**	**47,694**	

(Amounts in thousands of EUR, unless otherwise stated)

25. Financial risk management (continued)

(c) Market risk (continued)

Exposure to currency risk

The Bank is exposed to currency risk through transactions in foreign currencies. The Bank ensures that the net exposure is kept to an acceptable level by buying or selling foreign currency at spot when necessary to address short-term balances.

The currency risk is not significant, as the majority of transactions of the Bank are in local currency. The foreign currencies the Bank deals with are predominantly United States Dollars (USD) and Swiss Franc (CHF) and GBP. The rates used for translation as at 31 December 2025 and 2024 are as follows:

Valuta	2025 EUR	2024 EUR
1 USD	1.1750	1.0389
1 CHF	0.9314	0.9412
1 GBP	0.8726	0.8292

The Bank's exposure to foreign currency risk, expressed in EUR equivalents is as follows:

	EUR	USD	CHF	GBP	Total
31 December 2025					
Assets					
Cash on hand and at banks	33,949	8,600	2,674	841	**46,064**
Balances with CBK	66,560	-	-	-	**66,560**
Investments in securities	67,614	28,596	3,770	-	**99,980**
Loans to customers	560,541	-	-	-	**560,541**
Other assets	1,475	-	-	-	**1,475**
	730,139	**37,196**	**6,444**	**841**	**774,620**
Liabilities					
Deposits from customers	650,426	37,550	6,613	841	**695,430**
Due to banks	2,588	-	-	-	**2,588**
Subordinated debt	2,136	-	-	-	**2,136**
Other liabilities	4,182	-	-	-	**4,182**
	659,332	**37,550**	**6,613**	**841**	**704,336**

(Amounts in thousands of EUR, unless otherwise stated)

Net foreign currency position	70,807	-354	-169	0	70,284

31 December 2024	**EUR**	**USD**	**CHF**	**GBP**	**Total**
Assets					
Cash on hand and at banks	33,455	2,704	3,533	792	**40,484**
Balances with CBK	60,232	-	-	-	
Investments in securities	45,932	7,694	2,123	-	**55,749**
Loans to customers	491,220	-	-	-	**491,220**
Other assets	1,715	-	-	-	**1,715**
	632,554	**10,398**	**5,656**	**792**	**649,400**
Liabilities					
Deposits from customers	579,934	10,529	5,633	840	**596,936**
Due to banks	1,096	-	-	-	**1,096**
Other liabilities	3,674	-	-	-	**3,674**
	584,704	**10,529**	**5,633**	**840**	**601,706**
Net foreign currency position	**47,850**	**(131)**	**23**	**(48)**	**47,694**

25. Financial risk management (continued)

(c) Market risk (continued)
Exposure to currency risk (continued)
An analysis of the Bank's sensitivity to an increase or decrease in foreign currency rates is as follows:

	USD		**CHF**		**GBP**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Sensitivity rates	5%	5%	5%	5%	5%	5%
Profit or loss						
+5% e Euro	(17.68)	(6.56)	(8.45)	1.17	-	(2.40)
- 5% e Euro	17.68	6.56	8.45	(1.17)	-	2.40

(Amounts in thousands of EUR, unless otherwise stated)

(d) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.
The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.
The Bank monitors its liquidity on a daily basis in order to manage its obligations as and when they fall due.

Exposure to liquidity risk
Funds are raised using a range of instruments including customers' deposits, subordinated debt and share capital.
The Bank has a liquidity reserve in the Central Bank of Republic of Kosovo that is calculated based on the liquidity needs of the Bank and that is available in cases of liquidity problems. The amount of the reserve for the year ended December 31, 2025 amounted to EUR 56,714 thousand (as at December 31, 2024: EUR 44,428 thousand).
Flexibility limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Bank strategy. In addition, the Bank holds a portfolio of liquid assets as part of its liquidity risk management strategy.

Management of liquidity risk
Residual contractual maturities of financial assets and liabilities
The following tables show cash flows of the Bank's financial assets and liabilities on the basis of their earliest residual contractual maturity. The Bank's expected cash flows of these instruments vary significantly from this analysis. For example, demand accounts are expected to maintain a stable or increasing balance.

25. Financial risk management (continued)

(d) Liquidity risk (continued)
Management of liquidity risk (continued)

31 December 2025	Up to 1 month	1-3 month	3-6 month	6-12 month	1-5 year	Mbi 5 years	Gjithsej
Assets							
Cash on hand and at banks	46,064	-	-	-	-	-	46,064
Balances with CBK	66,560	-	-	-	-	-	66,560
Investments in securities	22,737	21,096	20,771	27,218	8,158	-	99,980
Loans to customers	8,584	22,954	45,772	55,321	249,582	178,861	560,874
Other assets	1,475	-	-	-	-	-	1,475
Total	145,420	44,050	66,543	82,539	257,740	178,661	774,953

(Amounts in thousands of EUR, unless otherwise stated)

Liabilities							
Deposits from customers	349,579	24,771	32,943	164,015	124,378	306	695,992
Due to banks	2,162	-	426	-	-	-	2,588
Subordinated debt	-	-	-	-	-	2,136	2,136
Other liabilities	1,610	(12)	(181)	150	2,425	190	4,182
Total	353,351	24,759	33,188	164,165	126,803	2,632	704,898
Gap	(207,931)	19,291	33,355	(81,626)	130,937	176,029	70,055
Cumulative gap	(207,931)	(188,640)	(155,285)	(236,192)	(105,976)	70,055	

25. Financial risk management (continued)
(d) Liquidity risk (continued)

31 December 2024	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Mbi 5 year	Total
Assets							
Cash on hand and at banks	40,484	-	-	-	-	-	40,484
Balances with CBK	60,232	-	-	-	-	-	60,232
Investments in securities	32,618	12,372	2,973	-	108	7,678	55,749
Loans to customers	4,603	19,497	27,654	49,639	228,663	161,164	491,220
Other assets	1,715	-	-	-	-	-	1,715
Total	139,652	31,869	30,627	49,639	228,771	168,842	649,400
Liabilities							
Deposits from customers	326,114	22,839	21,285	101,041	124,303	1,354	596,936
Due to banks	614	-	482	-	-	-	1,096
Other liabilities	745	4	616	109	1,745	455	3,674
Total	327,473	22,843	22,383	101,150	126,048	1,809	601,706
Liquidity gap	(187,821)	9,026	8,244	(51,511)	102,723	167,033	47,694
Cumulative gap	(187,821)	(178,795)	(170,551)	(222,062)	(119,339)	47,694	

(Amounts in thousands of EUR, unless otherwise stated)

25. Financial risk management (continued)

(e) Capital risk management

The Bank manages its capital to ensure that the Bank will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance.
The equity structure of the Bank comprises share capital, reserves and retained earnings.

Regulatory capital
The Bank monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Central Bank of Kosovo (“CBK”). The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted assets, off balance-sheet items and other risks, expressed as a percentage. The minimum required Capital Adequacy Ratio is 9% for Tier 1 capital and 14% for total own funds.

Risk-Weighted Assets (RWAs)
Assets are weighted according to broad categories of national risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Six categories of risk weights (0%, 20%, 50%, 75%, 100% and 150%) are applied; for example cash and money market instruments have a zero risk weighting which means that no capital is required to support the holding of these assets. Property and equipment carry a 100% risk weighting, meaning that it must be supported by capital (Tier 1) equal to 9% in 2025 Tier 1 Capital Ratio+CCB .
Off-balance-sheet credit related commitments are taken into account. The amounts are then weighted for risk using the same percentages as for on-balance-sheet assets.

	2025	2024
Total risk weighted assets	522,932	463,693
Total risk weighted assets for operational risk	38,635	33,261
Total	561,567	496,954
Regulatory capital (Total Capital)	97,311	70,604
Capital adequacy ratio (Total Capital)	17.33%	14.21%

CBK Regulation on bank capital adequacy ratio entered into force on 01.01.2020 and for this reason there has been a change of a financial assets with RWA 100% where some of these assets has been calculated with 75% RWA.
Gearing ratio
The Bank’s risk management committee reviews the capital structure on a continuously basis. As part of this review, the committee considers the cost of capital and the risk associated with each class of capital. Based on the CBK regulations, the minimum leverage ratio is 3%.

(Amounts in thousands of EUR, unless otherwise stated)

The leverage ratio at the year ended was as follows:

	2025	2024
Total Assets	800,983	675,281
Total Equity	95,442	72,722
Leverage ratio	11.92%	10.77%

26. Business combination and merger

Pursuant to the signing purchase/sale agreement on 23 April 2025, and receipt Central Bank of Kosovo approval through their decision no. 2025/312, dated July 29, 2025, Banka Ekonomike completed the purchase of asset and liabilities of Türkiye İş Bankası A.Ş. – Branch in Kosovo on August 19, 2025 (acquisition date). As a result, the acquired assets and liabilities of Türkiye İş Bankası A.Ş. – Branch in Kosovo were merged with the asset and liabilities of the Bank. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and resultant bargain purchase gain are as follows:

	Book value EUR	Adjustment EUR	Fair value EUR
Assets			
Cash on hand and at banks	3,405,693	-	3,405,693
Loans to customers	38,068,106	(332,775)	37,735,331
Investment securities	7,051,204	87,710	7,138,914
Property and equipment and right-of-use assets	819,039	68,288	887,327
Intangible assets	28,577	-	28,577
Income tax prepayment	97,948	-	97,948
Other assets	209,119	(196,436)	12,683
Total Assets	49,679,686	(373,213)	49,306,473
Liabilities			
Due to customers	33,580,299	(562,218)	33,018,081
Due to banks	1,595,865	-	1,595,865
Income tax liability	98,275	-	98,275
Other liabilities	1,556,031	(75,959)	1,480,072
Deferred tax liabilities	29,951	-	29,951
Total Liabilities	36,860,421	(638,177)	36,222,244
Net Assets Acquired	12,819,265	264,964	13,084,229

(Amounts in thousands of EUR, unless otherwise stated)

Bargain Purchase Gain

Total Consideration	10,200,000
Fair Value of Assets Acquired	49,306,473
Fair Value of Liabilities Assumed	(36,222,244)
Fair Value of Net Assets Acquired	13,084,229
Bargain Purchase Gain at acquisition date	2,884,229

Consideration amounting to EUR 10.2 million, for the purchase of asset and liabilities of Türkiye İş Bankası A.Ş. – Branch in Kosovo, was transferred to the seller on 3 October 2025.

27. Subsequent events

Subsequent to the reporting date, Law No. 08/L-304 on Banks entered into force in the Republic of Kosovo in 2026, introducing changes to the legal and regulatory framework governing the banking sector. The law includes amendments related, inter alia, to licensing, capital adequacy, governance, risk management, supervisory requirements, and other prudential regulations applicable to banks operating in Kosovo. The law provides a transitional period of one year, during which banks are required to align their operations, policies, and internal processes with the new requirements.

Furthermore, subsequent to the reporting date, geopolitical tensions, including developments related to the Iran–United States conflict, have continued to evolve. Although the Bank operates in Kosovo and has no direct exposure to the conflict area, its operations may be indirectly affected due broader regional and global financial market conditions, impacts on local economic conditions, and customer activity. As at the date of approval of these financial statements, the situation remains fluid and the nature, timing, and magnitude of any potential impact on the Bank's operations, financial position, liquidity, asset quality, or capital adequacy cannot be reliably quantified. Management is closely monitoring developments and continues to assess their potential implications. Accordingly, no adjustments have been made to the financial statements in respect of this matter.
Except as disclosed in the separate financial statements, there are no significant events after the reporting date that may require adjustment or disclosure in the financial statements.

BANKA EKONOMIKE SH.A.

Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards

for the year ended 31 December 2025
(with Independent Auditor's Report thereon)

Table of contents

RSM KOSOVO SH.P.K.
Rr. Xhevdet Doda
Dukagjini Residence, Hyrja B-C,
Kati 2, No.B56
10 000 Prishtina
Republic of Kosovo
DL +383 45 666 888
www.rsm.global/kosovo

INDEPENDENT AUDITOR’S REPORT

To the Shareholders and Management of Banka Ekonomike Sh.A.

Opinion

We have audited the accompanying consolidated financial statements of Banka Ekonomike Sh.A. and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the basis of preparation as disclosed in note 2(a) of the accompanying consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RSM KOSOVO SH.P.K.
Rr. Xhevdet Doda
Dukagjini Residence, Hyrja B-C,
Kati 2, No.B56
10 000 Prishtina
Republic of Kosovo
DL +383 45 666 888
www.rsm.global/kosovo

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report but does not include the consolidated financial statements and our auditor's report. The Group's annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the basis of preparation as disclosed in note 2(a), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

RSM KOSOVO SH.P.K.
Rr. Xhevdet Doda
Dukagjini Residence, Hyrja B-C,
Kati 2, No.B56
10 000 Prishtina
Republic of Kosovo
DL +383 45 666 888
www.rsm.global/kosovo

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our Objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to contin-

RSM KOSOVO SH.P.K.
Rr. Xhevdet Doda
Dukagjini Residence, Hyrja B-C,
Kati 2, No.B56
10 000 Prishtina
Republic of Kosovo
DL +383 45 666 888
www.rsm.global/kosovo

ue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Kosovo Sh.p.k.

RSM Kosovo Sh.p.k.

Prishtinë, Republika e Kosovës
21 Prill 2026

Sadik Berisha

Auditor Ligjor

STATEMENT OF FINANCIAL POSITION EURO '000

	Note	As at 31 December 2025	As at 31 December 2024
Assets			
Cash on hand and at banks	6	46,290	41,070
Balances with the Central Bank of Kosovo		66,883	60,555
Term deposits	8	9,171	6,481
Loans to customers	9	560,541	491,220
Investments in securities	10	104,105	60,831
Property and equipment and right-of-use assets	11	18,236	16,820
Intangible assets	12	4,227	5,095
Income tax prepayment		-	179
Other assets	13	8,476	8,632
Total assets		817,929	690,883
Liabilities			
Deposits from customers	14	689,564	591,773
Due to banks	15	2,588	1,096
Outstanding claims provision	16	12,993	12,107
Provision for unearned premium	17	6,636	6,427
Subordinated debt	18	2,350	200
Current tax liability		201	-
Other liabilities	19	5,603	4,856
Deferred tax liability		592	596
Total liabilities		**720,527**	**617,055**
Equity and reserves			
Share capital	20	38,874	29,422
Revaluation and other reserves	20	6,606	4,887
Retained earnings		51, 922	39,519
Total equity and reserves		**97,402**	**73,828**
Total liabilities, equity and reserves		**817,929**	**690,883**

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

These consolidated financial statements have been approved by the Board of Directors on 20 April 2026 and signed on its behalf by:

Zt.Shpend Luzha
Kryeshef Ekzekutiv

Zt.Berat Isa
Zyrtar Kryesor Financiar

(Amounts in thousands of EUR, unless otherwise stated)

	Note	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest income calculated using the effective interest method	21	40,368	36,260
Interest expense calculated using the effective interest method	21	(8,954)	(7,673)
Net interest income		**31,414**	**28,587**
Fee and commission income	22	6,800	5,941
Fee and commission expense	22	(2,008)	(1,667)
Net fee and commission income		**4,792**	**4,274**
Net earned premium, net of premium tax		12,428	11,532
Other operating income, net	23	579	995
Bargain purchase gain	30	2,884	-
Revenue		**52,097**	**45,388**
Personnel expenses	24	(8,865)	(7,834)
Depreciation and amortization	11,12	(3,727)	(3,601)
Other expenses	25	(14,583)	(13,920)
Losses and loss adjustment expenses	16	(7,612)	(6,641)
Net impairment charge on financial instruments	6,7,8,9,10	(2,960)	(342)
Impairment loss on intangible assets	12	(580)	(365)
Total operating expenses		**(38,327)**	**(32,703)**
Profit before tax		**13,770**	**12,685**
Income tax expense	26	(1,367)	(1,232)
Profit for the year		**12,403**	**11,453**

Other comprehensive income

Items that will not be reclassified subsequently to profit or loss		
Gain on the revaluation of land and buildings, net of tax	1,598	-
Deferred tax effect on revaluation of land and building	-	4
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at fair value through other comprehensive income	121	137
Total other comprehensive income, net of tax	**1,719**	**141**
Total comprehensive income	**14,122**	**11,594**

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

Banka Ekonomike Group
Consolidated Statement of Financial Position As at 31 December 2025
(Amounts in thousands of EUR, unless otherwise stated)

	Share Capital	Revaluation and other reserve	Retained earnings	Total equity and reserves
As at 01 January 2024	**29,422**	**4,746**	**31,066**	**65,234**
Transactions with owners registered directly in the equity				
Contributions from owners	-	-	-	-
Dividend distributed (note 20)	-	-	(3,000)	**(3,000)**
Total transactions with owners registered directly in the equity	-	-	**(3,000)**	**(3,000)**
Profit for the year	-	-	11,453	**11,453**
Other comprehensive income for the year: *Deferred tax effect on revaluation*	-	4	-	**4**
Revaluation of securities, net of tax	-	137	-	**137**
Transfer	-	-	-	-
Total comprehensive income for the year		**141**	**11,453**	**11,594**
As at 31 December 2024	**29,422**	**4,887**	**39,519**	**73,828**
As at 01 January 2025	**29,422**	**4,887**	**39,519**	**73,828**
Transactions with owners registered directly in the equity	-	-	-	-
Contributions from owners (note 20)	9,452	-	-	9,452
Dividend distributed	-	-	-	-
Total transactions with owners registered directly in the equity	**9,452**	**-**	**-**	**9,452**
Profit for the year	-	-	12,403	12,403
Other comprehensive income for the year:				
Gain on the revaluation of land and buildings, net of tax	-	1,598	-	**1,598**
Revaluation of securities, net of tax	-	121	-	**121**
Transfer	-	-	-	-
Total comprehensive income for the year	**-**	**1,719**	**12,403**	**14,122**
As at 31 December 2025	**38,874**	**6,606**	**51,922**	**97,402**

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

Banka Ekonomike Group
Consolidated Statement of Financial Position As at 31 December 2025
(Amounts in thousands of EUR, unless otherwise stated)

	Note	For the year ended 31 December 2025	For the year ended 31 December 2024
Operating activities			
Profit before taxation		**13,770**	**12,685**
Adjustment for:			
Amortization and depreciation	10,11	3,727	3,601
Net impairment loss on loans to customers	9	2,951	283
Loss and loss adjustments expenses	16	7,612	6,641
Net impairment loss on intangible	12	580	365
Impairment on other assets	19	27	620
Charge/(Release) of provision for guarantees	19	209	(47)
Bargain purchase gain	30	(2,884)	-
Interest income	20	(40,368)	(36,260)
Interest expense	20	8,954	7,673
		(5,422)	**(4,439)**
Changes in operating assets and liabilities			
Statutory reserves with the CBK and other restricted funds		(12,629)	(16,265)
Loans to customers		(31,919)	(50,546)
Other assets		141	(1,596)
Deposits from customers		64,140	58,281
Due to banks		(104)	(391)
Outstanding claims provision		(6,726)	(6,317)
Provision for unearned premium		209	1,259
Other liabilities		416	946
		8,106	**(19,068)**
Interests paid		(8,321)	(6,800)
Interests received		40,151	36,601
Income tax paid		(987)	(1,553)
Net cash flow generated from operating activities		**38,949**	**9,180**
Investment activities			
Purchase of property and equipment and intangible assets	11,12	(1,308)	(3,060)
Purchases of investment securities	10	(296,383)	(183,081)
Redemptions of securities	10	260,326	138,186
Placement of term deposits		(2,690)	(1,118)
Consideration paid for acquisition		(10,200)	-
Net cash flow used in investing activities		**(50,255)**	**(49,073)**
Financing activities			
Contributions from owners		9,452	-
Subordinated Debt	18	2,150	200
Repayment of Lease liability	11	(1,358)	(1,178)
Dividends paid	20	-	(3,000)
Net cash flow genetared from / (used in) financing activities		**10,244**	**(3,978)**
Net decrease in cash and cash equivalents		**(1,062)**	**(43,871)**
Cash and cash equivalents, beginning of the year	6	52,502	96,373
Cash and cash equivalents, end of the year	**6**	**51,440**	**52,502**

The accompanying notes 1 to 31 form an integral part of these consolidated financial statements.

1. Introduction

Banka Ekonomike Sh.a (“the Parent”) is a Shareholding Company incorporated in the Republic of Kosovo. The address of its registered Head Office is Mother Teresa Square, 10000 Prishtina, Republic of Kosovo.In accordance with the Central Bank of Kosovo (“CBK”) regulations, the Parent obtained a license for banking activities on 28 May 2001 and commenced operations on 5 June 2001. The Parent operates as a commercial and savings bank for all categories of customers within Kosovo, through its network of 7 main branches in Prishtina, Gjakova, Peja, Prizren, Ferizaj, Mitrovica and Gjilan and 29 subbranches. The Parent employs 473 employees as at 31 December 2025 (2024: 450).

On 9 September 2022, the Parent completed its purchase of 100% of shares in Insurance Company Siguria Sh.a (“the Subsidiary) through a purchase agreement, thus obtaining full control of the Subsidiary. As at 31 December 2024, the Parent holds 100% of the shares in the Subsidiary.

The Subsidiary was established according to the laws of the Republic of Kosovo and is registered in the Ministry of Trade and Industry with business number 70167671 as a joint stock company.

The Subsidiary is licensed as a non-life insurance company. The main activity of the Subsidiary is motor insurance for liability to third parties and other classes of insurance such as:
• Property insurance;
• All Risks during Construction (CAR);
• Health insurance during the trip;
• Personal accidents;
• Comprehensive Motor Vehicle Insurance, etc.

The Subsidiary's registered office is located at Luan Haradinaj Street, Llamella A, 10000, Pristina, Kosovo.
On December 31, 2025, the Subsidiary has a total of 127 employees and senior management (2024: 129).

The Parent, together with its consolidated domestic subsidiary (collectively, the"Group"), are financial institutions regulated by the Central Bank of the Republic of Kosovo. The consolidated financial statements of the Parent comprise the accounts of the Company.

2. Basis of preparation

(a) Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs), with the exception of IFRS 17. IFRS 17 is not implemented as at 31 December 2025, based on the Central Bank of Kosovo’s notice dated 29 December 2023 on the extension of the deadline for implementation of this standard. The implementation of IFRS 17 shall be in force for the annual reporting period commencing on 1 January 2026. However, the preparatory phase and action plan by the Group should include concrete activities and actions starting from 2024, towards the preparation for full implementation of this standard by the end of 2025. Thus, these financial statements cannot be read as being prepared in accordance with IFRSs. Furthermore, based on an initial analysis performed, the Group does not anticipate a

material impact on the consolidated financial statements on the adoption date.

The measurement basis are more fully described in the accounting policies below.

(b) Presentation of financial statements and notes
For the purpose of clarity, the consolidated financial statements and the notes to the consolidated financial statements are prepared using the concepts of materiality and relevance.

This means that the line items not considered material in terms of quantitative and qualitative measures or relevant to consolidated financial statement users are aggregated and presented together with other items in the primary financial statements. Similarly, information not considered material is not presented in the notes.

2. Basis of preparation (continued)

(c) New and amended standards and interpretations adopted by the Group
The Group with the exception of IFRS 17, has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. IFRS 17 was not implemented, based on the Central Bank of Kosovo's notice dated 29 December 2023 on the extension of the deadline for implementation of this standards. The adoption of these standards and interpretation, other than IRFS 17, had no significant impact in the Group's consolidated financial statements.

The following new standards and amendments became effective as at 1 January 2025:

• Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The Group is currently in the preliminary stages of evaluating the potential impact of IFRS 17 Insurance Contracts on its Financial Statements. At this juncture, based on our initial assessment, management does not anticipate a material impact on the Group's financial position or performance. However, given the complexity and ongoing evaluation of the implementation process, it cannot be definitively concluded that there will be no material impact. Therefore, we recognize the importance of disclosing this uncertainty. Accordingly, we acknowledge that the effect of the implementation cannot be determined with absolute certainty at this time.

With, the exception of IFRS 17 and if not disclosed above, new standards, changes and interpretations are not expected to have a material effect on the Company's financial statements.

(d) New standards and interpretations in issue not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.
• Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7.
• Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.
• Annual Improvements to IFRS Accounting Standards – Volume 11.
• IFRS 18 Presentation and Disclosure in Financial Statements.

• IFRS 19 Subsidiaries without Public Accountability: Disclosures
• Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28.
The Group has opted not to early adopt these pronouncements and is in the process of analyzing the impact of adoption of these standards, revisions and interpretations on the consolidated financial statements of the Group in the period of initial application.

(d) Basis of accounting
The consolidated financial statements have been prepared on historical cost convention, except for the financial assets listed below, which are measured at fair value:
- Debt instruments held under the business model held to collect and sale and certain classes of property, plant and equipment.

2. Basis of preparation (continued)

(e) Going concern
The consolidated financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios. They also considered other top and emerging risks as well as from the related impacts on profitability, capital and liquidity.
(f) Functional and presentation currency
These consolidated financial statements are presented in EUR, which is the Group's functional currency. All amounts have been rounded to the nearest thousands, except when otherwise indicated.

(f) Use of judgments and estimates
In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in notes 4, 5 and 29.

3. Material accounting policies

The principal accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. Where necessary, comparative figures have been reclassified to conform with changes in presentation for the current year.

(a) Business combinations
Acquisition of businesses is accounted for using the acquisition method.
Where the Parent has control over an investee, it is classified as a subsidiary. The parent controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns.
The consolidated financial statements present the results of the parent and its subsidiaries ("the Group") as if they formed a single entity.

(i) Non-controlling interests
The Group initially recognizes any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets.

(ii) Goodwill
Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Goodwill is capitalized as an intangible asset, and is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

3. Material accounting policies (continued)

(b) Interest
Interest income and expense for all financial instruments, excluding those classified as held for trading are recognised in ‘interest income’ and ‘interest expense’ in the statement of profit or loss and other comprehensive income using the effective interest method.
Interest on credit-impaired financial assets is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount of the asset less allowance for ECL).
For purchased or originated credit-impaired (POCI) financial assets the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

(c) Fees and commissions
Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate (note (3a)).
Other fees and commission income, including account servicing fees, fund transfer fees, sales commission and placement fees are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period.
Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.
Insurance contract policyholders are charged for policy administration services and other contract fees. These fees and charges are recognized as revenue over the period in which the related services are performed.

(d) Premium income
General business written premiums comprise the premiums on contracts incepting in the financial year, irrespective of whether they relate in whole or in part to a later accounting period. Written premiums are disclosed gross of commission payable to intermediaries. The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following financial year, using the daily pro - rata basis 1/365, adjusted, if

necessary, to reflect any variation in the incidence of risk during the period covered by the contract. However, the all the products in force by the Group have linear risk and no adjustments for variation of risks have been currently made.

(e) Tax expense
Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

(i) Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in r espect of previous years.

(ii) Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority.
Additional taxes that arise from the distribution of dividends by the Group are recognised at the same time as the liability to pay the related dividend is recognised.

3. Material accounting policies (continued)

(e) Tax expense (continued)
(iii) Tax exposures
In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(f) Benefits and claims
Gross benefits and claims consist of benefits and claims paid to policyholders, as well as changes in the gross valuation of insurance and investment contract liabilities, except for gross changes in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling cost that are directly related to the processing and settlement of claims. Insurance claims are recorded on the basis of notifications received.
(g) Foreign currency transactions
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date except non-monetary assets and liabilities measured at historical cost, which are translated using the rate of

exchange at the initial transaction date.

(h) Financial assets and financial liabilities
(i) Recognition
The Group initially recognises loans, deposits, debt securities issued, borrowings and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification
Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.
All financial assets are classified as measured at amortised cost or at FVOCI.
The Group does not hold Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.
Assessment whether contractual cash flows are solely payments of principal and interest

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued)
Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities
The Group classifies its financial liabilities as measured at amortised cost.
(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Modifications of financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Group of similar transactions such as in the Group’s trading activity.

(vii) Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued)

(vii) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active

market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.
If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.
The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.
The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(viii) Identification and measurement of impairment
The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
– loans to customers;
– other financial assets at amortised cost;
– financial assets that are debt instruments; and
– loan commitments and financial guarantee contracts issued (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).
The Group recognises loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:
– debt investment securities that are determined to have low credit risk at the reporting date. The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment-grade’; and
– loans and debt investment securities for which credit risk has not increased significantly since initial recognition.
Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses and is measured as follows:
– financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
– financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
– undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
– financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Group expects to recover.

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued)
(viii) Identification and measurement of impairment (continued)

Definition of default
Under IFRS 9, the Group considers a financial asset to be in default when:
– the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the borrower is more than 90 days past due on any material credit obligation to the Group.
This definition is largely consistent with the definition used for regulatory purposes for loans classified as doubtful or lost.
In assessing whether a borrower is in default, the Group consider indicators that are consistent with the risk regulatory requirements for classification of loans as doubtful or lost:
– qualitative: e.g. breaches of contractual covenant;
– quantitative: e.g. overdue status and non-payment of another obligation of the same borrower to the Group; and
– regulatory risk classification of the same borrowers in other banks.
Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Credit risk grades
The Group allocates each exposure to a credit risk grade based on requirements set forth by Credit Risk Management regulation by using qualitative and quantitative factors that are indicative of the risk of default. In addition to the risk classes introduced for regulatory purposes, the Group identifies and monitors separately standard loans in past due from standard loans not in past due.
Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

Determining whether credit risk has increased significantly
Under IFRS 9, when determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.
The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure that changes the regulatory risk classification from standard to watch assessed in line with the Group's policy for regulatory risk classification. All loans showing significant increase in credit risk are classified in Stage 2.
As a backstop, and as required by IFRS 9, the Group presumptively considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Group determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.
The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
– the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
– the average time between the identification of a significant increase in credit risk and default appears reasonable; and
– exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired.

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued)
(viii) Identification and measurement of impairment (continued)

Modified financial assets
The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a

current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value.
Under IFRS 9, when the terms of a financial asset are modified and the modification does not result in derecognition, the Group considers whether the asset's credit risk has increased significantly by analysing quantitative and qualitative factors affecting risk of default.
The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.
The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and business loans are subject to the forbearance policy.
Generally, forbearance is a qualitative indicator of default and credit impairment and expectations of forbearance are relevant to assessing whether there is a significant increase in credit. Following forbearance, a customer needs to demonstrate consistently good payment behavior over eight months before the exposure is measured at an amount equal to 12-month ECLs.

Inputs into measurement of ECLs
The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:
– probability of default (PD);
– loss given default (LGD); and
– exposure at default (EAD).
These parameters derived from internally developed statistical models and other historical data that leverage regulatory models. PDs have been adjusted to reflect forward-looking information as decired below.
Credit risk grades are primary input into the determination of the term structure of PD for exposures. The Group employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.
This analysis includes the identification and calibration of relationships between changes in default rates and changes in macro-economic factors, as well as in-depth analysis of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro- economic indicators are likely to include unemployment rates and consumer price inflation. The Group's approach to incorporating forward-looking information into this assessment is discussed below.
LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models considers the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value (LTV) ratios are likely to be a key parameter in determining LGD.
LGD estimates are calibrated for different external factors, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued)
(viii) Identification and measurement of impairment (continued)

Inputs into measurement of ECLs (continued)
EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset are the gross carrying amount at default. For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which will be estimated based on historical observations and forward-looking forecasts.
The Group measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.
For retail overdrafts and credit card facilities and certain corporate revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECLs over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level.
This longer period will be estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECLs. These include a reduction in limits and cancellation of the facility.
Where modelling of a parameter is carried out on a collective basis, the financial instruments will be recognized on the basis of shared risk characteristics that include:
– instrument type; and
– credit risk grading.
The recognition are subject to regular review to ensure that exposures within a particular Group remain appropriately homogeneous.
For investments in debt securities in respect of which the Group has limited historical data, external benchmark information published by recognized external credit rating agencies such as Moody's are used to supplement the internally available data.

(viii) Identification and measurement of impairment (continued)
Forward-looking information
Under IFRS 9, the Group has incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. The Group formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Group Risk Committee and economic experts and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities in the country where the Group operates, supranational organisations such as the Organisation for Economic Co-operation and Development and the International Monetary Fund, and selected private sector and academic forecasters. The base case represents a most-likely outcome and be aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group also periodically carry out stress-testing of more extreme shocks to

calibrate its determination of these other representative scenarios. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. These key drivers include unemployment rates and consumer price inflation forecasts. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

3. Material accounting policies (continued)

(h) Financial assets and financial liabilities (continued)

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:
– financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
– loan commitments and financial guarantee contracts: generally, as a provision;
– where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
– instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Collateral valuation
To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, mortgage and pledge arrangement. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, cash, is valued daily. To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as licensed mortgage brokers, housing price indices, audited financial statements, and other independent sources.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(i) Cash and cash equivalents
Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(j) Term deposits
Term deposits are stated in the statement of financial position at amortised cost and are classified according to their maturities. Term deposits with maturities less than three months are classified as cash equivalents, those with maturities over three months are classified as investments in term deposits.

(k) Investment securities
The 'investment securities' caption in the statement of financial position includes debt securities measured at amortised cost and at FVOCI.
For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.
When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

(l) Deposits, subordinated debt and other liabilities
Deposits, subordinated debts and other liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

3. Material accounting policies (continued)

(m) Property and equipment
(i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

(ii) Depreciation
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives for the current and comparative periods are as follows:

	Useful life 2025	**Useful life 2024**
Buildings	40 years	40 years
Computers and related equipment	5 years	5 years
Motor vehicles	5 years	5 years
Furniture, fixtures and equipment	5 years	5 years

Leasehold improvements are depreciated using the straight-line basis over the shorter of the lease term and their useful lives.

Land and building
Land and building of Head Office are shown at fair value, periodically, valuations by external independent valuers, less subsequent depreciation and impairment for

buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount.

(n) Investment property

Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to consolidated profit or loss or other comprehensive income.

(o) Leased property and equipment

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 on 31 December 2025 was 4.18% (on 31 December 2024 was 3.56%)

3. Material accounting policies (continued)

(o) Leased property and equipment (continued)

The Group uses one or more of the following practical expedients according to IFRS 16.C10, applying it on a lease -by-lease basis:

- Using a single discount rate to a portfolio of leases with similar characteristics;
- Adjusting the right-of-use asset for any recognized onerous lease provisions, in-stead of performing an impairment review;
- Applying a recognition exemption for leases for which the lease term ends within 12 months of the date of initial application and leases of low-value assets (For this purpose the Group has chosen a threshold of around € 5,000). The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term;
- Excluding initial direct costs from the measurement of the right-of-use asset;
- Using hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(p) Intangible assets

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.
Amortisation is recognised in profit or loss over the estimated useful life of the asset, from the date that it is available for use.
Software is amortised using the straight-line method over the estimated useful life of five years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development

Research and development Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life.

(q) Repossessed property

Repossessed assets are acquired through enforcement of security over non-performing loans to customers and are intended for disposal in a reasonably short period of time. Repossessed assets are initially recognised using the bailiff set amount in the last auction and are subsequently measured at the lower of cost and net realizable value and any write-down is recognized in the profit or loss.
Gains or losses from the sale of these assets are recognized in the profit or loss.

(r) Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.
The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Material accounting policies (continued)

(s) Provisions (continued)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(t) Employee benefits
(i) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. The Group makes only compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Kosovo under a defined contribution pension plan.

(ii) Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(u) Financial guarantees and loan commitments
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Such financial commitments are recorded in the statement of financial position if and when they become payable.
Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of this amortised amount and the amount of loss allowance.
The Group has issued no loan commitment that are measured at FVTPL.
For other loan commitments the Group recognises loss allowance.
The nominal contractual value of financial guarantees, and undrawn loan commitments, are not recorded on the statement of financial position. The nominal values of these instruments are disclosed in note 27 and corresponding loss allowance are disclosed in note 19.

(v) Dividends
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group’s shareholders. Dividends for the year that are declared after the reporting date are disclosed as events after the end of the reporting period.

(w) Product classification
Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.
Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts can also transfer financial risk.
Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces

significantly during this period, unless all rights and obligations are extinguished or expire.

3. Material accounting policies (continued)

(x) Insurance contract liabilities

Recognition and measurement
General insurance contracts
Insurance liabilities are calculated separately for all insurance products and are composed of premium contingency (unearned), risk contingency (unexpired), and loss contingency (not paid as at the closing date of the financial year). Insurance liabilities (provisions) represent estimates of future payments for reported and unreported claims. The Group does not discount its insurance liabilities. Any changes in estimates are reflected in results of operations in the period in which estimates are changed. Insurance liabilities estimation is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments.
Gross premiums written are recorded on the accrual basis according to insurance contracts and policies issued during the year and are credited to earning on a pro-rata basis over the term of the related policy coverage. Gross written premiums reflect business written during the year, and exclude any taxes or duties based on premiums. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of the risks underwritten.

Unearned premiums
The provision for unearned premium comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily pro rata method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

Insurance contracts liabilities
Non-life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not. The liability is derecognised when the contract expires, is discharged or is cancelled.
The reserve for unearned premiums includes premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income.
At each reporting date, a liability adequacy test is performed. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the provision for outstanding claims. The provision for unexpired risk is increased to the extent that future claims in respect of current insurance contracts exceed future premiums plus the current unearned premium provision.

Claims arising from general insurance business
Claims incurred in respect of general business consist of claims paid to policyholders during the financial year together with the changes in the valuation of the liabilities for outstanding claims.
Claims outstanding comprise provisions for the Group’s estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses and a prudential margin.
While Management considers that the insurance liabilities for claims and the related reinsurance recoveries are fairly stated based on the information currently available to

them, the ultimate liability may differ as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of the insurance liabilities are reflected in the financial statements for the period in which the adjustments are made.

3. Material accounting policies (continued)

(x) Insurance contract liabilities (continued)

Recognition and measurement (continued)

The provision represents the estimated ultimate cost of settling all claims including direct and indirect settlement costs, arising from events that occurred up the reporting date. Unpaid losses and loss adjustment expenses consist of estimates for reported losses and provisions for losses not reported. The method used to determine the provisions for claims, is based on the applicable statutory rules but is also supported by actuarial valuations.

The technical provisions have been computed by the Group's actuary, having due regard to principles laid down in the regulation for the calculation of the technical provision for non- life assurers, issued by the Insurance Regulator Central Bank of Kosovo.

Reported but not resolved claims ("RBNS") are set case by case. The reserve is calculated as the expected amount to be paid and the estimates are adjusted when the new information becomes available.

On 31 December 2025 and 2024 the technical reserves for IBNR for MPTL are determined using the "chain ladder" method based on the paid claims, while for other lines 10% of the earned premium for the year for that line.

Liability adequacy test/"LAT"

At each reporting date the Group performs test to ensure the adequacy of claim reserves. The primary tests performed are Claim Ratio Analysis and Run-off analysis of claim reserves.

The claim ratio analysis is performed annually on the major lines of business individually. The calculation is performed on claims alone as well as claims including acquisition costs and any other external claim handling costs. In performing this analysis, the Group considers current estimates of cash outflows. The Group does not discount these estimated cash flows because most claims are expected to be settled within one year.

In addition, the Group performs annually a run-off analysis of claim reserves to assess its reserving methodology. The run-off analysis is performed on RBNS and IBNR separately as well as on combined basis. In case the analysis shows major discrepancies, proper adjustments are made to the reserving methodology. If a deficiency is identified it will be charged immediately to profit or loss by establishing an unexpired risk provision from losses arising from Liability Adequacy Test.

Reinsurance

The Group ceded reinsurance in the normal course of business for the purpose of limiting its potential net loss through the diversification of its risks arising from MTPL, Property, and personal Accidents lines of business.

Such reinsurance includes facultative and treaty agreements. Only contracts that give rise to a significant transfer of instance risk and timing risk are accounted for as insurance. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders. Reinsurance liabilities comprise payable for outlands reinsurance contracts and are recognized as an expense based on the whole amount agreed with the reinsurer.

Benefits reimbursed are presented in the statement of profit and loss and other comprehensive income and statement of financial position on a gross basis. Participated reinsurance recoveries are disclosed separately as assets in the statement of financial position. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of the reinsurance contract.

3. Material accounting policies (continued)

(x) Insurance contract liabilities (continued)

Recognition and measurement (continued)
Deferred acquisition costs
Acquisition costs are defined as the costs arising on the acquisition of new insurance contracts, including direct costs such as agent commissions and payments paid to the Central Bank of Kosovo. Deferred acquisition costs and deferred origination costs are amortized systematically over the existence of the contract and tested for depreciation on the reporting date. Any amount that is not recoverable is expensed. derecognized when the related contracts are settled or disposed of.

Claims handling costs
Claims handling costs consist of internal and external costs related to the assessment, handling and evaluation of claims by Group personnel as well as external costs such as legal fees and other costs. Management has estimated the cost of handling claims of 1.5% - 2% (2024: 1.5-2%) of total RBNS and IBNR reserves, excluding claims (claims) of border policies and costs of handling the guarantee fund which are determined from the Kosovo Insurance Bureau.

4. Use of estimates and judgments

Management discusses with the Audit Committee and the Board of Directors the development, selection and disclosure of the Group’s critical accounting policies and their application, and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is disclosed below.

(a) Impairment
These disclosures supplement the commentary on financial risk management (see Note 29).
Assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3(h)(viii).
The Group reviews its loan portfolios to assess impairment at least on a quarterly basis.
Carrying and net amount of financial assets as at 31 December 2025 is presented below:

(Amounts in thousands of EUR, unless otherwise stated)

Financial assets	Carrying amount	Impairment	Net amount
Term deposits	9,171	-	9,171
Loans to customers	574,178	(13,637)	560,541
Investment securities measured at FVOCI	100,034	(54)	99,980
Investments securities – at amortized cost	4,125	-	4,125

Carrying and net amount of financial assets as at 31 December 2024 is presented below:

Financial assets	Vlera bartëse	Rënia në vlerë	Vlera neto
Term deposits	6,481	-	6,481
Loans to customers	501,110	(9,890)	491,220
Investment securities measured at FVOCI	47,816	(26)	47,790
Investments securities – at amortized cost	13,043	(2)	13,041

4. Use of estimates and judgments (continued)

(b) Determining fair values

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 3(h)(vii). The Group measures fair values using the following hierarchy of methods:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. The estimation of the fair value is disclosed in note 5.

(c) Valuation of insurance contract liabilities

For non-life insurance contracts, estimates should be made for both the expected final cost of claims reported at the date of the financial position and the expected final cost of claims incurred but not yet reported in the statement of financial position date (IBNR). The final cost of outstanding claims is estimated using a range of standard actuarial claims design techniques.

(d) Valuation of insurance contract liabilities

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project the development of future claims and thus the ultimate claims costs. As such, these methods highlight the development of paid and incurred losses, the average cost of a claim and the numbers of claims based on the observed developments of previous years and the expected loss reports. The development of historical claims is mainly analyzed by years of accident but can also be further analyzed by geographical area as well as by important business lines and types of claims. Additional qualitative assessment is used to assess the extent to which past trends cannot be applied in the future, in order to arrive at the final estimated cost of claims representing the potential outcome from the range of potential outcomes, taking into account all uncertainties involved.

(Amounts in thousands of EUR, unless otherwise stated)

5. Disclosure and estimation of fair value

Fair value estimates are based on existing financial instruments on the Group's consolidated statement of financial position without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not financial instruments.

Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statement of financial position.
Fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using a discounted cash flow model based on a current yield curve appropriate for the remaining term to maturity.

Investment securities	Carrying amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
31 December 2025	99,980	-	99,980	-
31 December 2024	47,790	-	47,790	-

Investment securities measured at FVOCI as at 31 December 2025 and 2024 include Bonds issued by the Government of Kosovo and T-Bills issued by Government European Union countries and United States of America which are bought either to be sold or will be held till maturity depending on liquidity needs of bank.
The weighted average of the remaining maturity of Bonds and T-Bills ending in 2025 is < 0.6 years (2024: 0.5 years), while the most distant investment period is 4 years (2024: 5 years), expressed in EURO, USD and CHF.

Rating of Bonds and T-bills	Carrying amount 2025	Participation (%) 2025	Carrying amount 2024	Participation (%) 2024
BB-	16,299	16.3%	7,786	16.3%
AA	44,491	44.5%	5,170	10.8%
AAA	-	-	8,117	17%
AA+	39,190	39.2%	26,717	55.9%
Total	**99,980**	**100.00%**	**47,790**	**100%**

(Amounts in thousands of EUR, unless otherwise stated)

Non-Financial instruments measured at fair value – fair value hierarchy
Investment Property
Group's investment properties and owner-occupied properties are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group works closely with external qualified valuers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (e.g. use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis etc.). Prices determined then by the valuers are used by the Group without adjustment. Changes in the fair value of assets and their causes are analysed by the Group's management. Such valuations require the Group to select among a range of different valuation methodologies and to make estimates about expected future cash flows and discount rates, market prices etc.

Land and Building
The basis of the valuation of land and buildings is fair value. The land and buildings of the Parent were last revalued on 27 December 2025 based on external, independent and qualified valuer. The land and buildings of the Subsidiary were last revalued on 31 December 2022 based on external, independent and qualified valuer. (2024: 5 years), expressed in EURO, USD and CHF.

5. Disclosure and estimation of fair value (continued)

Land and Building (continued)
Measurement of the land and building is classified in level 3 for parent and level 2 for subsidiary of the fair value hierarchy as inputs and assumptions used in arriving at the fair value are unobservable for parent and observable for subsidary. In the absence of an active market, the fair value of the land and building of the Parent was determined by using the average of the fair market value derived from comparison method and income approach. The fair value of the land and building of the Subsidiary was determined by using the sales comparison method, and the key inputs under this approach are the price per square meter from current year sales of comparable lots of lands and buildings in the area (location and size).

Below table presents fair value at reporting date minus accumulated depreciation of land and building.

Land and Buildings	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
31 December 2025	-	2,718	9,330
31 December 2024	-	2,777	8,074

Below table presents fair value at reporting date of investment property

Investment Property	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
31 Decemberr 2025	-	895	-
31 December 2024	-	895	-

(Amounts in thousands of EUR, unless otherwise stated)

The inputs used for the calculation of the fair value of land & buildings are presented below:

31 December	Type	Price per sq meters	Rent income per sq meter	Cap Rate	Location
31 December 2025	Building	EUR 5,612	EUR 20	6%	Mother Teresa Square
31 December 2022	Land	EUR 2,000	-	-	Qamil Hoxha
31 December 2022	Building	EUR 2,222	-	-	Qamil Hoxha
31 December 2022	Land (Investment Property)	EUR 303	-	-	Hajvali
31 December 2022	Building (Investment Property)	EUR 379	-	-	Hajvali

Financial instruments not measured at fair value – fair value hierarchy

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized.

	Carrying value		Fair value					
			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets	**2025**	**2024**	**2025**	**2025**	**2025**	**2024**	**2024**	**2024**
Cash on hand and at banks	46,290	41,070	-	46,290	-	-	41,070	-
Balance with CBK	66,883	60,555	-	66,883	-	-	60,555	-
Term Deposits	9,171	6,481	-	9,171	-	-	6,481	-
Investment securities at amortised cost	4,125	13,041	-	4,125	-	2,974	10,067	-
Loans to customers	560,541	491,220	-	-	560,541	-	-	491,220
Liabilities								
Deposits from customers	689,564	591,773	-	689,564	-	-	591,773	-
Due to banks	2,588	1,096	-	2,588	-	-	1,096	-

(Amounts in thousands of EUR, unless otherwise stated)

Balances with banks and term deposits
Due from other banks include inter-bank placements and items in the course of collection. As balances with banks are short term, their fair value is considered to equate to their carrying amount.

5. Disclosure and estimation of fair value (continued)

Investment securities at amortised cost
Fair value is estimated based on broker/dealer quotes and average yield of similar instruments.

Loans to customers
Where available, the fair value of loans is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates and prepayment rates. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics. There are no cases of loans that are valued based on observable inputs.

Deposits from customers
The fair value of deposits from customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits and subordinated debt of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date. The deposits have an estimated fair value which approximates the carrying amount due either to their short term nature or to underlying interest rates which approximate market rates. The majority of deposits is subject to re-pricing within a year.

6. Cash on hand and at banks

	As at 31 December 2025	As at 31 December 2024
Cash on hand	19,873	18,078
Current accounts with banks	26,447	23,042
Allowance for impairment	(30)	(50)
	46,290	**41,070**

(Amounts in thousands of EUR, unless otherwise stated)

Cash and cash equivalents for the purposes of cash flow statement comprise the following:

	As at 31 December 2025	As at 31 December 2024
Cash on hand and at banks	46,290	41,070
Balances with the CBK (Note 7)	66,883	60,555
Statutory reserves with the CBK	(57,360)	(44,750)
Other restricted funds	(4,373)	(4,373)
	51,440	**52,502**

In accordance with the CBK requirements relating to the deposits reserve for liquidity purposes, the Parent should maintain a minimum of 10% of customer deposits with maturities up to one year, as statutory reserves. The statutory reserves represent highly liquid instruments, including cash on hand, accounts at the CBK or at other banks in Kosovo, and the amounts held at the CBK should not be less than half of the total statutory reserves.
The assets with which the Parent may satisfy its liquidity requirement are deposits in EUR with the CBK and 50% of the EUR equivalent of cash denominated in readily convertible currencies. Deposits with the CBK must not be less than 5% of the applicable deposit base.

Movement in impairment for the years ended December 31, 2025 and 2024, charged to profit and loss is as following:

	2025	2024
Opening balances	50	12
(Release)/Charge to profit and loss	(20)	38
Closing balance	**30**	**50**

(Amounts in thousands of EUR, unless otherwise stated)

7. Balances with the Central Bank of Kosovo

	As at 31 December 2025	As at 31 December 2024
Statutory reserves with the CBK	57,360	44,751
Current accounts	9,539	15,818
Allowance for impairment	(16)	(14)
	66,883	**60,555**

Movement in impairment for the years ended December 31, 2025 and 2024, charged to profit and loss is as following:

	2025	2024
Opening balances	14	17
Charge/(release) to profit and loss	2	(3)
Closing balance	**16**	**14**

8. Term Deposits

	As at 31 December 2025	As at 31 December 2024
Term Deposits	9,171	6,481
Total	**9,171**	**6,481**
Maturity of deposits		
Maturing within 1 year	3,672	922
Maturing after 1 year	5,499	5,559
Total Deposits	**9,171**	**6,481**

Deposits consist of time deposits held by local banks. These deposits as at 31 December 2025 are fixed deposits and interest carried at a rate of 1.00% to 3.8% (2024: 0.9 % to 3.8%) per annum.

(Amounts in thousands of EUR, unless otherwise stated)

9. Loans to customers

	As at 31 December 2025	As at 31 December 2024
Loans	463,697	417,536
Overdraft facilities	110,624	83,502
	574,321	**501,038**
Accrued interest	2,279	2,062
Deferred disbursement fees	(2,089)	(1,990)
	574,511	**501,110**
Fair value adjustment	(333)	-
	574,178	**501,110**
Allowance for impairment	(13,637)	(9,890)
Loans to customers	**560,541**	**491,220**

Loans are presented at nominal value, accrued interest is based on nominal interest rates, while deferred disbursement fees are incremental fees which are part of effective interest rate.
Maturities of long-term loans are in the range of 1 to 30 years (2024: 1 to 30 years). In 2025, the interest rates on loans to customers ranged from 1.50% to 24% p.a (2024: 1.50% to 24% p.a).
The Group has granted few loans with interest rates at the minimum limit shown above, which are lower than the rates that are generally offered by the Group and are covered by cash collaterals.

The movements in the allowance for impairment are as follows:

	2025	2024
Allowance for impairment at 1 January	9,890	10,269
Loans written off	(686)	(3,031)
Charge for the year, net	4,433	2,652
Allowance for impairment at 31 December	**13,637**	**9,890**

(Amounts in thousands of EUR, unless otherwise stated)

The movement in the impairment for the years ended December 31,2025 and 2024, charged or released to profit and loss are is as follows:

	2025	**2024**
Charge	(4,433)	(2,652)
Recoveries from previously written off loans	1,109	2,369
Adjustment for acquired portfolio	373	-
Net impairment losses on loans	**(2,951)**	**(283)**

(Amounts in thousands of EUR, unless otherwise stated)

9. Loans to customers (continued)

The following table sets out the gross carrying amount and loss allowance of loans to customers at amortised cost:

	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Amount of the provision as at 1 January 2025	3,291	716	5,883	-	9,890
Movements with impact in P&L	-	-	-	-	-
Transfers:	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(246)	246	-	-	-
Transfer from Stage 1 to Stage 3	(1,323)	-	1,323	-	-
Transfer from Stage 2 to Stage 1	33	(33)	-	-	-
Transfer from Stage 2 to Stage 3	-	(732)	732	-	-
Transfer from Stage 3 to Stage 1	7	-	(7)	-	-
Transfer from Stage 3 to Stage 2	-	21	(21)	-	-
Release of ECL on derecognition of loans other than write offs	(726)	(158)	(684)	-	(1,568)
New financial assets originated or purchased	2,026	282	1,111	-	3,419
Changes in Risk Parameters (PD/LGD/EAD)	1,620	337	607	-	2,564
Changes in Models	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Write-offs	-	-	(668)	-	(668)
FX and other movements	-	-	-	-	-
Net provision value for the period	**1,391**	**(37)**	**2,393**	-	**3,747**
Other movements without impact on P&L	-	-	-	-	-
Derecognition Instruments	-	-	-	-	-
Amount of the provision as at 31 December 2025	**4,682**	**679**	**8,276**	-	**13,637**

(Amounts in thousands of EUR, unless otherwise stated)

9. Loans to customers (continued)

The following table sets out the gross carrying amount and loss allowance of loans to customers at amortised cost:

	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Gross carrying amount as at 1 January 2025	469,496	21,588	9,954	-	501,038
Transfers:	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(2,327)	2,327	-	-	-
Transfer from Stage 1 to Stage 3	(3,571)	-	3,571	-	-
Transfer from Stage 2 to Stage 1	5,988	(5,988)	-	-	-
Transfer from Stage 2 to Stage 3	-	(1,948)	1,948	-	-
Transfer from Stage 3 to Stage 1	935	-	(935)	-	-
Transfer from Stage 3 to Stage 2	-	68	(68)	-	-
Financial assets derecognised during the period other than write-offs	(134,046)	(7,805)	(1,170)	-	(143,021)
New financial assets originated or purchased	284,330	8,312	2,665	-	295,307
Modification of contractual cash flows	(74,193)	(3,628)	(514)	-	(78,335)
Write-offs	-	-	(668)	-	(668)
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2025	**546,612**	**12,926**	**14,783**	**-**	**574,321**

(Amounts in thousands of EUR, unless otherwise stated)

9. Loans to customers (continued)

The following table sets out the changes in allowance of loans at amortised cost:

	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Amount of the provision as at 1 January 2024	**2,570**	**712**	**6,987**	**-**	**10,269**
Movements with impact in P&L	-	-	-	-	-
Transfers:	-	-	-	-	-
Transfer from Stage 1 to Stage 2	(285)	285	-	-	-
Transfer from Stage 1 to Stage 3	(1,630)	-	1,630	-	-
Transfer from Stage 2 to Stage 1	6	(6)	-	-	-
Transfer from Stage 2 to Stage 3	-	(306)	306	-	-
Transfer from Stage 3 to Stage 1	9	-	(9)	-	-
Transfer from Stage 3 to Stage 2	-	8	(8)	-	-
Release of ECL on derecognition of loans other than write offs	(703)	(234)	(590)	-	(1,527)
New financial assets originated or purchased	1,674	259	216	-	2,149
Changes in Risk Parameters (PD/LGD/EAD)	1,650	(2)	356	-	2,004
Changes in Models	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Write-offs	-	-	(3,005)	-	(3,005)
FX and other movements	-	-	-	-	-
Net provision value for the period	721	4	(1,104)	-	(379)
Other movements without impact on P&L	-	-	-	-	-
Derecognition Instruments	-	-	-	-	-
Amount of the provision as at 31 December 2024	**3,291**	**716**	**5,883**	**-**	**9,890**

(Amounts in thousands of EUR, unless otherwise stated)

9. Loans to customers (continued)

The following table sets out the changes in gross carrying amount of loans at amortised cost:

	Stage 1	Stage 2	Stage 3	POCI	
	12-month ECL	Lifetime ECL	Lifetime ECL	Purchased credit-impaired	Total
	EURO'000	EURO'000	EURO'000	EURO'000	EURO'000
Gross carrying amount as at 1 January 2024	**422,831**	**18,012**	**10,047**	**-**	**450,890**
Transfers:					-
Transfer nga faza 1 në fazën 2	(3,754)	3,754	-	-	-
Transfer nga faza 1 në fazën 3	(3,442)	-	3,442	-	-
Transfer nga faza 2 në fazën 1	832	(832)	-	-	-
Transfer nga faza 2 në fazën 3	-	(973)	973	-	-
Transfer nga faza 3 në fazën 1	152	-	(152)	-	-
Transfer nga faza 3 në fazën 2	-	25	(25)	-	-
Financial assets derecognised during the period other than write-offs	(117,958)	(7,286)	(896)	-	(126,140)
New financial assets originated or purchased	238,038	11,694	409	-	250,141
Modification of contractual cash flows	(67,203)	(2,806)	(839)	-	(70,848)
Write-offs	-	-	(3,005)	-	(3,005)
FX and other movements	-	-	-	-	-
Gross carrying amount as at 31 December 2024	**469,496**	**21,588**	**9,954**	**-**	**501,038**

(Amounts in thousands of EUR, unless otherwise stated)

10. Investments in securities

	As at 31 December 2025	As at 31 December 2024
Investments securities – at FVOCI		
Government bonds	99,755	47,768
Accrued Interest	191	48
Fair value adjustment	88	-
Allowance for impairment	(54)	(26)
Total investments securities – at FVOCI	**99,980**	**47,790**
Investments securities – at amortized cost		
Government bonds	4,101	12,859
Accrued Interest	24	184
Allowance for impairment	-	(2)
Total investments securities – at amortized cost	**4,125**	**13,041**
Total Investments in Securities	**104,105**	**60,831**

The weighted average of the remaining period of the bonds ending in 2025 is < 0.6 years(2024:<0.5 years), while the most distant investment period is 5 years, expressed in EURO, USD and CHF.
The Group's investment portfolio is classified into two parts at amortized cost and FVOCI, and all of these investments are invested in securities issued by the Government of Kosovo, France, Switzerland, Germany, Austria and the USA. The Group has Treasury bills or Bonds which are classified in Amortized cost as of 31 December 2025.
The Group has 10 Government Bonds (local) and 9 T-Bills (foreign) as of December 2025 which are classified in FVOCI and AAC, the weighted average maturity for these bonds is 0.90 years (2024: 0.57 years) and average of interest is 2.66% (2024: 3.02%).

(Amounts in thousands of EUR, unless otherwise stated)

The following table provides for the movement of investment securities during 2025 and 2024:

	Investments at FVOCI	Investments at Amortized Cost	Total
At 01 January 2025	**47,768**	**12,859**	**60,627**
Additions	296,383	-	296,383
Disposal	(251,568)	(8,758)	(260,326)
Acquired through acquisition	7,051		7,051
Fair value adjustment	88	-	88
Unrealized (loss)/gain	121	-	121
At 31 December 2025	**99,843**	**4,101**	**103,944**
At 01 January 2024	**10,546**	**5,049**	**15,595**
Additions	119,556	63,524	183,080
Disposal	(82,471)	(55,714)	(138,186)
Unrealized gain/(loss)	137	-	137
At 31 December 2024	**47,768**	**12,859**	**60,627**

11. Property equipment and right-of use-assets

The following is a breakdown of property and equipment owned and leased:

	2025	2024
Property, plant and equipment owned	15,044	13,770
Right-of-use assets (ROU) IFRS 16	3,192	3,050
Property, Plant and Equipment and right-of use-assets	**18,236**	**16,820**

(Amounts in thousands of EUR, unless otherwise stated)

The Group leases several assets which consist of premises. Information about Right of Use assets and Lease liabilities for which the Group is a lessee is presented below:

Right-of-use assets	2025	2024
Balance at 1 January	**3,050**	**3,151**
Additions in current year	1,474	2,425
Disposals / terminated contracts	(77)	(1,174)
Depreciation charge for the year	(1,255)	(1,352)
Balance at 31 December	**3,192**	**3,050**

Lease Liability as at January 1, 2024	2,953
+ Additions	1,512
- Less Disposals	(280)
- Less lease payments	(1,178)
+ Interest on Lease Liabilities	91
Lease liability as at December 31, 2024	**3,098**
+ Additions	1,464
- Less Disposals	(57)
- Less lease payments	(1,358)
+ Interest on Lease Liabilities	153
Lease liability as at December 31, 2025	**3,330**

Amounts recognized in the profit or loss of the Group for the years ended 31 December 2025 and 2024:

	2025	2024
Interest on lease liabilities - IFRS 16	(53)	(91)
Depreciation of ROU	(1,255)	(1,352)
Total expenses from leases	**(1,408)**	**(1,443)**

(Amounts in thousands of EUR, unless otherwise stated)

11. Property and equipment and right-of use-assets (continued)

Cost or Revaluation	Toka	Ndërtesat	Përmirësimet e qirasë	Mobiljet, instalime dhe pajisje	Kompjutera dhe pajisje të lidhura	Automjete	Gjithsej
At 1 January 2024	**530**	**13,234**	**1,306**	**4,104**	**2,505**	**1,196**	**22,875**
Additions	-	-	324	773	341	18	1,456
Write-offs	-	-	(332)	(431)	(66)	(93)	(922)
At 31 December 2024	**530**	**13,234**	**1,298**	**4,446**	**2,780**	**1,121**	**23,409**
Revaluation	-	1,579	-	-	-	-	1,579
Additions	-	-	29	293	439	354	1,115
Write-offs/Elimination	-	(3,118)	(371)	(84)	(66)	(124)	(3,763)
At 31 December 2025	**530**	**11,695**	**956**	**4,655**	**3,153**	**1,351**	**22,340**
Accumulated depreciation							
At 1 January 2024	-	**2,558**	**716**	**2,970**	**1,929**	**811**	**8,984**
Charge for the year	-	382	204	495	281	124	1,486
Disposals	-	-	(301)	(374)	(63)	(93)	(831)
At 31 December 2024	-	**2,940**	**619**	**3,091**	**2,147**	**842**	**9,639**
Charge for the year	-	382	187	389	290	132	1,380
Write-offs/Elimination	-	(3,118)	(359)	(81)	(67)	(98)	(3,723)
At 31 December 2025	-	**204**	**447**	**3,399**	**2,370**	**876**	**7,296**
Carrying amount							
At 31 December 2024	**530**	**10,294**	**679**	**1,355**	**633**	**279**	**13,770**
At 31 December 2025	**530**	**11,491**	**509**	**1,256**	**783**	**475**	**15,044**

As at 31 December 2025 and 2024, the Group does not have any property or equipment pledged as collateral.

(Amounts in thousands of EUR, unless otherwise stated)

11. Prona dhe pajisje dhe pasuritë me të drejtë përdorimi (vazhdim)

If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	2025	2024
Balance at 1 January	**6,416**	**6,557**
Less: Depreciation	(141)	(141)
Balance at 31 December	**6,275**	**6,416**

12. Intangible assets

	Goodwill	Software	Intangible assets in development	Total
Cost				
At 1 January 2024	**1,835**	**2,696**	**2,282**	**6,813**
Additions during the year	-	702	16	**718**
Transfers	-	1,184	(1,184)	**-**
Disposals	-	(770)	-	**(770)**
Impairment	-		(365)	**(365)**
At 31 December 2024	**1,835**	**3,812**	**749**	**6,396**
Additions for the year	-	840	96	**936**
Transfers	-	143	(143)	**-**
Disposals	-	(469)	-	**(469)**
Impairment	-	-	(580)	**(580)**
At 31 December 2025	**1,835**	**4,326**	**122**	**6,283**
Accumulated amortization				
At 1 January 2024	-	1,094	-	**1,094**
Charge for the year	-	763	-	**763**
Disposals	-	(556)	-	**(556)**
At 31 December 2024	**-**	**1,301**	**-**	**1,301**
Charge for the year	-	1,092	-	**1,092**
Disposals	-	(337)	-	**(337)**
At 31 December 2025	**-**	**2,056**	**-**	**2,056**
Carrying amount			-	
At 31 December 2024	**1,835**	**2,511**	**749**	**5,095**
At 31 December 2025	**1,835**	**2,270**	**122**	**4,227**

On November 2018, the Parent signed a contract for the development of a new core banking system.
Subsequently, the Parent concluded that the functionality of the new system does not entirely complement with their existing IT as a result, in 2022 and with an additional review in 2023 the Parent re-entered into a discussion with the contractor and negotiated a revised contract, under which the existing core banking system would be upgraded to cover developments that were initially envisioned under the new core banking system, without any additional cost to the Parent.
The Parent and the Contractor have agreed on a specific list of modules and upgrades to be made in the existing core banking system, with the timeline of completion being kept the same as the base contract i.e., EOY 2024.
Due to the projects not meeting the contractual completion requirements, an amendment was enacted on December 29, 2023, altering the agreement between the Parent and the Contractor. This amendment extended the deadlines for unfinished projects, alongside reallocating resources among them, with an initial anticipated completion in 2024, which was further delayed to 2025. Conversely, after analysing the recoverable amount of these unfinished projects, an impairment loss of EUR 580 thousand as of 31 December 2025 (2024: 365 thousand) has been recognized in the statement of profit or loss and other comprehensive income.

12. Intangible assets (continued)

Goodwill consisted primarily of future economic benefits and synergies with the existing operations and is non-deductible for tax purposes. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.
As of the reporting date Goodwill is not impaired.
As at 31 December 2025 and 2024 the Group does not have intangible assets pledged as collateral.

(Amounts in thousands of EUR, unless otherwise stated)

13. Other assets

	As at 31 December 2025	As at 31 December 2024
Receivable from related party	-	1,170
Insurance receivables (note 13.1)	1,727	1,299
Reinsurer's share for technical provisions	781	882
Investment property (note 13.2)	895	895
Repossessed property (note 13.3)	1,560	737
VAT receivable	358	266
Prepaid interest on deposits	152	128
Prepayments	475	710
Receivables from KIB	459	503
Deferred acquisition costs (note 13.4)	625	601
Unearned Premium Current Period (Ceded Reinsurance)	317	1,176
Receivables from Reinsurers	153	101
Other	1,621	784
Allowance for impairment	(647)	(620)
Total	**8,476**	**8,632**

13.1 Insurance receivables are amounts due from customers for insurance premiums for insurance contracts sold in the ordinary course of business. The amount is expected to be collected within a year or less. Insurance receivables at year-end include the following:

	As at 31 December 2025	As at 31 December 2024
Receivables from clients	2,159	1,593
Receivables from agents	34	32
Minus: allowance for impairment	(466)	(326)
Total insurance receivable	**1,727**	**1,299**

(Amounts in thousands of EUR, unless otherwise stated)

13.2 Investment property as at 31 December 2025 and 2024 comprise a land in Hajvali, Prishtina. The revalued amounts are determined based on the valuation performed by an independent professional appraiser using comparable prices method. During April 2023, the Group has revalued the investment property and there have been no changes in the fair value of the investment property.

13.3 Movements in repossessed property during the years are shown below:

	2025	2024
Balance at 1 January	**737**	**868**
Additions in current year	1,268	1,636
Sold during the year	(170)	(1,498)
Write down	(275)	(269)
Balance at 31 December	**1,560**	**737**

13. Other assets (continued)

13.4 Deferred acquisition costs at the end of the year include:

	As at 31 December 2025	As at 31 December 2024
Commissions for agents	532	507
CBK fee	93	94
Total	**625**	**601**

(Amounts in thousands of EUR, unless otherwise stated)

14. Deposits from customers

	As at 31 December 2025	As at 31 December 2024
Current accounts	282,158	266,822
Blocked accounts	16,781	15,858
Flexi deposits	4,352	4,854
Savings accounts	34,858	32,919
	338,149	320,453
Add: Current maturity of long-term customer deposits	**228,929**	**147,688**
Total short-term customer deposits	**567,078**	**468,141**
Time Deposits	345,918	265,894
	345,918	**265,894**
Less: Current maturity of long-term customer deposits		(147,688)
Total long-term customer deposits	**116,989**	**118,206**
Accrued interest	6,059	5,426
Total before fair value adjustment	**690,126**	**591,773**
Fair value adjustment	(562)	-
Total	**689,564**	**591,773**

Current accounts are non-interest bearing.
The average effective interest rates for time deposits during 2025 and 2024 were as follows:

Year	1 month	3 months	6 months	1 year	18 months	2-5 years	>5years
2025	0.09%	3.06%	2.93%	2.91%	2.81%	2.80%	3.37%
2024	0.03%	2.70%	2.44%	2.58%	2.40%	2.64%	2.51%

15. Due to banks

Balances due to banks amounting to EUR 2,588 thousand (2024: EUR 1,096 thousand) represent current accounts from local banks.

(Amounts in thousands of EUR, unless otherwise stated)

16. Outstanding claims provision

	2025	2024
Reported but not settled (RBNS)	7,864	7,191
Claims incurred but not reported (IBNR)	4,939	4,740
Claims handling cost reserve	190	176
Total	**12,993**	**12,107**

Following table summarizes the movement in the claims provision account:

	2025	2024
At 01 January	12,107	11,783
Acquired on business combinations	-	-
Incurred during the year	7,612	6,641
Paid during the year	(6,726)	(6,317)
31 December	**12,993**	**12,107**

The Compensation Fund aims to pay claims in the territory of the Republic of Kosovo, pursuant to the provisions of Articles 18, 19, 20, 21, and 22 of Law no. 04 / L-018 on compulsory third party insurance of motor vehicles. Its role is to pay claims insurance in connection with accidents caused by uninsured vehicles, unknown vehicles or other specified events. During 2025 and 2024 the financing of the compensation fund was made based on the new regulation approved by the CBK on December 28, 2017.
For the year ended 31 December 2025 and 2024 the Group was required to contribute to the Compensation Fund an amount of EUR 357 thousand and EUR 368 thousand, respectively. Furthermore, insurance companies have assumed collective responsibility to provide the Compensation Fund with sufficient funds to be able to meet all future claims in the event that the claims and costs incurred by the Compensation Fund exceed the surplus held. The amount payable to the compensation fund in relation to liabilities for 2025 and 2024 amounts to EUR 8 thousand and EUR 44 thousand on 31 December 2025 and 2024, respectively.

(Amounts in thousands of EUR, unless otherwise stated)

17. Provision for unearned premium

	Gross provision for unearned premiums	The reinsurer's share in the unearned premium	Net provision for unearned premiums
31 December 2025			
Third party motor vehicle insurance (TPL)	4,058	-	4,058
Share of KIB income	70	-	70
Health and Travel	330	-	330
Contract insurance	279	(196)	83
Personal accident	307	-	307
Property insurance	360	(122)	238
Third party motor vehicle insurance (TPL+)	256	-	256
General liability insurance	78	-	78
CIS & CIT	-	-	-
Casco	772	-	772
Other insurance	126	-	126
Total	**6,636**	**(318)**	**6,318**

	Gross provision for unearned premiums	The reinsurer's share in the unearned premium	Net provision for unearned premiums
31 December 2024			
Third party motor vehicle insurance (TPL)	3,534	-	3,534
Share of KIB income	65	-	65
Health and Travel	240	-	240
Contract insurance	1,102	(1,073)	29
Personal accident	139	-	139
Property insurance	312	(102)	210
Third party motor vehicle insurance (TPL+)	222	-	222
General liability insurance	74	-	74
CIS & CIT	-	-	-

Casco	625	-	625
Other insurance	114	-	114
Total	**6,427**	**(1,175)**	**5,252**

Movement of provision for unearned premium

	2025	2024
At 1 January	6,427	5,168
Add: net increase of unearned premiums during the year	209	1,259
Balance at 31 December	**6,636**	**6,427**

17. Provision for unearned premium (continued)

	31 December 2025	31 December 2024
Gross written premium	14,392	14,075
Re-insurers' share of gross written premium	(896)	(2,055)
Net written premium	**13,496**	**12,020**
Change in the Gross Provision for Unearned Premiums	(209)	(1,258)
Change in Reinsurer Share of Provision for Unearned Premiums	(859)	770
Net earned premium, net of premium tax	**12,428**	**11,532**

18. Subordinated debt

	31 December 2025	31 December 2024
Isdiar L.L.C.	214	200
Afrim Pacolli	2,136	-
Total	**2,350**	**200**

During the year 2025, the Parent entered into a subordinated loan agreement with Afrim Pacolli (related party) in the amount of EUR 2,000 thousand. The loan bears interest rate of 7.7% per annum, payable on seven instalments, and the principal is payable in one single installment on February 4, 2032.
During the year 2024, the Subsidiary entered into a subordinated loan agreement with ISDIAR LLC (related party) in the amount of EUR 200 thousand. The loan bears interest rate of 7% per annum, payable on six instalments, five payments at the end of each year at 31st of December and the last payment on 31st of January 2030, and the principal is payable in one single installment on December 31, 2030.

(Amounts in thousands of EUR, unless otherwise stated)

19. Other liabilities

	As at 31 December 2025	
Lease liabilities (Note 11)	3,300	3,098
Reinsurance Payable	95	92
Accrued expenses	827	553
Payables to KIB	8	44
Trade payables	172	189
Other taxes payable	183	151
Other deferred income	126	220
Provision for losses from guarantees	246	37
Provisions for litigations	295	153
Pension and social assistance charges	53	43
Other payables	298	276
Total	**5,603**	**4,856**

The movement in the provision for losses from guarantees issued by the Group is as follows:

	2025	2024
Provisions as at 1 January	37	84
Charge/(Release) for the year (Note 23)	209	(47)
Provisions as at 31 December	**246**	**37**

20. Share Capital and reserves

The authorised and paid up share capital of the Parent comprises 151,851 ordinary shares (2024: 114,930 ordinary shares) with par value of EUR 256 each (2024: 256). The shareholding structure of the Parent is as follows:

(Amounts in thousands of EUR, unless otherwise stated)

	As at 31 December 2025		As at 31 December 2024	
	%	**Amount**	**%**	**Amount**
Behgjet Pacolli	35	13,659	35	10,246
Immobiliare Red L.L.C.	29	11,200	29	8,402
Immobiliare Blue L.L.C.	18	7,146	18	5,360
Xhabir Kajtazi	12	4,642	12	3,482
Ismet Gjoshi	3	987	3	987
Hasan Hajdari	1	396	1	297
Zyhra Hajdari	1	380	1	285
Others with less than 1%	1	464	1	363
	100	**38,874**	**100**	**29,422**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. All shares rank equally with regard to the Group's residual assets.

No dividends were declared and/or paid for the year ended 31 December 2025, (2024: Dividends amounting to EUR 3,000 thousand at EUR 26.1 per share were paid on 3 June 2024).

During the year ended 31 December 2025, the Parent in its shareholder's meeting, approved the issuance of 38,281.25 ordinary shares (2024: Nil) at a price of EUR 256 per share. All ordinary shares were issued at par value of EUR 256 per share. The issuance of new shares was approved by the Central Bank of Kosovo through their decision no. 63 – 24/2025 on June 27, 2025, effective from July 1, 2025.

In accordance with Law no. 04/L-093 on "Banks, Microfinance Institutions and Non-Bank Financial Institutions", the minimum paid-in capital for domestic banks operating in Kosovo is EUR 7 million.

The movement in revaluation reserve is as follows:

	2025	**2024**
Revaluation reserve as at January 1	4,887	4,746
Property revaluation (net of tax)	1,598	4
Revaluation reserve of investment securities measured at FVOCI	121	137
Balance as of December 31	**6,606**	**4,887**

(Amounts in thousands of EUR, unless otherwise stated)

21. Net Interest income calculated using the effective interest method

Interest income	**Year ended December 31, 2025**	**Year ended December 31, 2024**
Loans to customers	37,696	33,378
Deposits and balances with banks	644	925
Investments in securities	2,028	1,957
Total Interest income	**40,368**	**36,260**
Interest expense		
Deposits from customers	(8,651)	(7,582)
Subordinated debt expenses	(150)	-
Interest on lease liabilities IFRS 16	(153)	(91)
Total Interest expense	**(8,954)**	**(7,673)**
Net interest income	**31,414**	**28,587**

22. Net fee and commission income

	Year ended December 31, 2025	**Year ended December 31, 2024**
Banking services	6,367	5,552
Guarantees	433	389
Fee and commission income	**6,800**	**5,941**
Swift expenses	(1,386)	(1,105)
License and other regulatory fees	(622)	(562)
Fee and commission expenses	**(2,008)**	**(1,667)**
Net fee and commission income	**4,792**	**4,274**

23. Other income

	Year ended December 31, 2025	**Year ended December 31, 2024**
Gain from sale of repossessed assets	59	346
(Loss)/Gain from sale of Investments	(7)	5
Net foreign exchange gains/(losses) – (note 23.1)	143	150
Other income	384	494
Total	**578**	**995**

(Amounts in thousands of EUR, unless otherwise stated)

23.1 23.1 Net foreign exchange gains/(losses) include foreign exchange gains amounting to EUR 11,210 thousand (2024: 5,452 thousand) and foreign exchange losses amounting to EUR 11,067 thousand (2024: 5,302 thousand).

24. Personnel expenses

	Year ended December 31, 2025	Year ended December 31, 2024
Wages and salaries	8,208	7,253
Pension contributions	419	385
Other compensations	238	196
Total	**8,865**	**7,834**

25. Other expenses

	Year ended December 31, 2025	Year ended December 31, 2024
Repair and maintenance	2,075	1,827
IT services	1,585	1,622
Other	1,568	757
Deposit insurance fees	1,307	869
Master card operational expenses	1,333	1,163
Security	1,265	1,163
Consulting related expenses	524	388
Sponsorship – allowed for tax purposes	487	407
Advertising and marketing	478	670
Visa card expenses	472	328
Utilities and fuel	398	382
Professional charges and other related legal fees gjere të lidhura	374	913
Write down of repossessed assets	275	269
Communication	277	254
Fee expenses related to FKGK	273	174
Insurance costs	262	336
Contribution to KIB for administrative expenses	239	257
Charge on litigation provisions	213	158
Charge for provisions of guarantees	209	(47)
CBK expenses	208	222
Write off of PPE and IA	180	314
Allowance for insurance receivables	140	70
Representation expenses	131	203

(Amounts in thousands of EUR, unless otherwise stated)

Office materials	108	92
Credit collection services	92	401
Travel	49	60
Impairment of other assets	27	620
Printing	34	48
Total	**14,583**	**13,920**

26. Income tax

Income tax in Kosovo is assessed at the rate of 10% (2024: 10%) of taxable income.
The following represents a reconciliation of the accounting result to the income tax:

	2025	2024
Profit before income tax (excluding sponsorship)	**14,257**	**13,092**
Tax at the rate of 10%	1,426	1,309
Adjusted for:		
Non-deductible expenses	494	492
Additional tax deductible interest expenses	53	(22)
Exempted income	(40)	(33)
Tax depreciation adjustment	(197)	(220)
Add allowable interest expenses	96	83
Changes in technical reserves	8	16
Income tax expense for the year	**1,840**	**1,625**
Effective tax rate	12.90%	12.65%
Sponsorship in culture and sport (up to 30% of the income tax expense)	**(487)**	**(407)**
Income tax expense	**1,353**	**1,218**
Deferred Tax Charge	**14**	**14**
Income Tax Expense recognized in profit and loss and other comprehensive income	**1,367**	**1,232**

(Amounts in thousands of EUR, unless otherwise stated)

Differences between IFRS financial statements and Kosovo statutory taxation regulations give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial reporting purposes and for tax purposes. The tax effect of the movement on these temporary differences is recorded at the rate of 10 per cent. For the year ended 31 December 2025 total deferred tax liability released through other comprehensive income amounts to Nil (2024: 4 thousand), and charged to profit and loss is 14 thousand (2024: 14 thousand), respectively..

27. Commitments and Contingencies

The Group issues guarantees for its customers. These instruments bear a credit risk similar to that of loans granted to customers. Based on management's estimate, no material losses related to guarantees outstanding at 31 December 2025 and 2024 will be incurred.

Guarantees	**2025**	**2024**
Secured by cash deposits	5,662	2,545
Secured by other collateral	11,659	10,661
	17,321	**13,206**
Credit Commitments		
Approved but not disbursed loans	11,514	3,580
Overdrafts	23,021	19,532
Credit cards	8,873	7,945
Unused credit facilities	**43,408**	**31,057**

Other collaterals pledged for guarantees, include mainly pledge and real estate properties. Commitments represent the undrawn balances of loans, overdraft and card limits granted to the customers.

27. Commitments and Contingencies (continued)

Litigations

The Group is exposed to various damages and legal actions in the ordinary course of business.

As at 31 December 2025, the Parent has recognized provisions in the amount of EUR 149 thousand (31 December 2024: EUR 153 thousand), regarding legal proceedings. As at December 31, 2025, the subsidiary has 876 legal cases, with a reserve of EUR 2,022 thousand, (31 December 2024: 750 legal issues with a reserve in the amount of EUR 1,981 thousand)

The management believes that the provisions recognized are a reasonable estimate against the outcome of ongoing lawsuits against the Group as at December 31, 2025. Furthermore, in management's opinion, the ultimate resolution of these matters is not expected to have a material adverse effect on the Group's financial position or changes in net assets, unless it is already included in the insurance contract reserves.

28. Related party transactions

In accordance with IAS 24 “Related Party Disclosures”, a related party is any party that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions were made on terms equivalent to those that prevail in arm’s length transactions.

In the course of conducting its banking business, the Group entered into various business transactions with related parties and the balances with the shareholders and affiliated individuals and entities at 31 December 2025 and 2024 are as follows:

(Amounts in thousands of EUR, unless otherwise stated)

	Board of Directors		Key management		Major shareholders and other parties related to them		Total	
Assets	**31 Dec 2025**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**	**31 Dec 2025**	**31 Dec 2024**
Loans to customers								
Loans to customers, net	39	85	507	557	7,420	5,534	7,966	6,176
Intangible in progress	-	-	-	-	122	541	122	541
Receivables – B&A	-	-	-	-	-	1,170	-	1,170
Impairment – B&A	-	-	-	-	(647)	(620)	(647)	(620)
Other receivables	-	-	-	-	206	125	206	125
Total assets	**39**	**85**	**507**	**557**	**7,107**	**6,750**	**7,653**	**7,392**
Liabilities								
Deposits from customers	(55)	(94)	(435)	(275)	(47,942)	(18,362)	(48,432)	(18,731)
Subordinated debt	-	-	-	-	(2,350)	(200)	(2,350)	(200)
Other payables	-	-	-	-	(47)	(78)	(47)	(78)
Total liabilities	**(55)**	**(94)**	**(435)**	**(275)**	**(50,339)**	**(18,640)**	**(50,829)**	**(19,009)**
Guarantees	-	-	-	-	245	503	245	503
Total off-balance sheet	**-**	**-**	**-**	**-**	**245**	**503**	**245**	**503**

The total estimated value of collateral obtained from related parties at 31 December 2025 amounted to EUR 36,357 thousand (31 December 2024: amounted to EUR 24,765 thousand).

The unused credit commitments with related parties as at 31 December 2025 are EUR 1,126 thousand (2024: EUR 1,096 thousand). Due to related parties represent 6.97 % (2024: 3.10 %) of total balances deposits from customers.

(Amounts in thousands of EUR, unless otherwise stated)

28. Related party transactions (continued)

Transactions with related parties during 2025 and 2024 are as follows:

	Board of Directors		Key management		Major shareholders and other parties related to them		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Interest income	5	8	6	10	470	537	481	555
Fee and commission income	1	2	3	5	147	101	151	108
Net earned premium, net of premium tax	-	-	-	-	524	1,812	524	1,812
Interest expense	-	-	-	-	(257)	(108)	(257)	(108)
Implementation expense-BV	-	-	-	-	(1,392)	(1,399)	(1,392)	(1,399)
Expense - B&A	-	-	-	-	(1,404)	(1,664)	(1,404)	(1,664)
Exprence - Royal Security	-	-	-	-	(18)	(84)	(18)	(84)
Rent expenses	-	-	-	-	(577)	(427)	(577)	(427)
Capex - B&A	-	-	-	-	(517)	(1,758)	(517)	(1,758)

Total remuneration to the Group’s key management is as follows:

	2025	2024
Short-term employee benefits for Board of Directors	111	154
Short-term employee benefits for key management	770	771
	881	**925**

29. Financial & Insurance risk management

(a) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Group has also exposure to the insurance risks from its issuance of insurance contracts. The group mainly issues the following types of insurance contracts:

- Third-party motor liability insurance,
- Health insurance,
- Property insurance,
- Professional indemnity insurance and
- Other insurance contracts

Risk management framework

This note presents information about the Group's exposure to each of the above risks, the Groups' objectives, policies and processes for measuring and managing risk, and the Groups' management of capital.

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Asset and Liability Committee ("ALCO"), Committee Credit Committee, Audit Committee, and Risk Committee, which are responsible for developing and monitoring the Group's risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

The Group aims to develop a constructive control environment, in which all employees understand their roles and obligations.

The Group's Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted by the Internal Audit Department. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group operates in the condition of a dynamically developing global financial and economic crisis. Its further extension might result in negative implications on the financial position of the Group. The management of the Group performs daily monitoring over all positions of assets and liabilities, income and expenses, as well as the development of the international financial markets. Based on this, the management analyses profitability, liquidity and the cost of funds and implements adequate measures in respect to credit, market (primarily interest rate) and liquidity risk, thus limiting the possible negative effects from the global financial and economic crisis. In this way the Group responds to the challenges of the market environment, maintaining an adequate capital and liquidity position.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from

(Amounts in thousands of EUR, unless otherwise stated)

the Group's loans to customers and to other banks. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country, and sector risk).
Management of credit risk
The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Credit Risk Department is responsible for the management of the Group's credit risk. The management of the credit risk exposures to borrowers is conducted through regular analysis of the borrowers' credit worthiness. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

29. Financial risk management (continued)
(b) Credit risk (continued)

Analysis of credit quality
The tables below set out information about the credit quality of financial assets and the allowance for impairment/loss held by the Group against those assets.
The table below represents a maximum exposure to credit risk exposure of the Group at 31 December 2025 and 2024, without taking into account any collateral held or other credit enhancements attached. For financial assets, the exposures set out below represent the net carrying amounts as reported in the statement of financial position.

	Loans to customers		**Investments in securities**		**Term Deposit**		**Current accounts with banks and CBK**		**Financial guarantees**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Maximum exposure to credit risk										
Carrying amount	560,541	491,220	104,105	60,831	9,171	6,481	93,300	83,547	-	-
	560,541	**491,220**	**104,105**	**60,831**	**9,171**	**6,481**	**93,300**	**83,547**	**-**	**-**
Gross carrying amount	**574,178**	**501,110**	**104,159**	**60,859**	**9,171**	**6,481**	**93,346**	**83,611**	**-**	**-**
Allowance for impairment	(13,637)	(9,890)	(54)	(28)	-	-	(46)	(64)	-	-
Net carrying amount	**560,541**	**491,220**	**104,105**	**60,831**	**9,171**	**6,481**	**93,300**	**83,547**	**-**	**-**
									-	-
Off balance: maximum exposure									-	-
Credit commitments: Low - fair risk	43,408	31,057	-	-	-	-	-	-	17,321	13,206
Total committed/guaranteed	**43,408**	**31,057**	**-**	**-**	**-**	**-**	**-**	**-**	**17,321**	**13,206**
Provisions recognized as liabilities	-	-	-	-	-	-	-	-	(246)	(37)
Total exposure	**43,408**	**31,057**	**-**	**-**	**-**	**-**	**-**	**-**	**17,075**	**13,169**

(Amounts in thousands of EUR, unless otherwise stated)

29. Financial risk management (continued)
(b) Credit risk (continued)
Analysis of credit quality (continued)

Loans to customers	2025 Individuals	2025 Micro	2025 Corporate	2025 Total Loans	2024 Individuals	2024 Micro	2024 Corporate	2024 Total Loans
Total gross amount	189,535	172,236	212,740	574,511	166,263	161,525	173,322	501,110
Allowance for impairment	(6,775)	(5,077)	(1,785)	(13,637)	(4,619)	(4,773)	(498)	(9,890)
Net carrying amount	**182,760**	**167,159**	**210,925**	**560,874**	**161,644**	**156,752**	**172,824**	**491,220**
Loans with renegotiated terms								
Carrying amount	709	1,901	-	2,611	305	1,939	264	2,508
Allowance for impairment	(307)	(467)	-	(775)	(106)	(419)	(80)	(605)
Net carrying amount	**402**	**1,434**	**-**	**1,836**	**199**	**1,520**	**184**	**1,903**
Loans by past due days								
Not past due	180,032	151,970	200,350	532,352	156,155	145,964	171,308	473,427
Past due 1-30 days	4,498	12,026	10,969	27,493	6,067	9,670	1,436	17,173
Past due 31 - 90 days	1,339	2,788	33	4,160	1,244	1,924	42	3,210
Past due 91 – 365 days	1,885	2,016	1,055	4,956	1,299	1,679	93	3,071
Past due over 365 days	1,781	3,436	333	5,550	1,498	2,288	443	4,229
	189,535	**172,236**	**212,740**	**574,511**	**166,263**	**161,525**	**173,322**	**501,110**

29. Financial risk management (continued)

(b) Credit risk (continued)

Impairment and provisioning

The total allowances that are required by the IFRS on ‘Credit Risk Management’ (see 3. (f) (viii), include losses that have been incurred at the reporting date (the ‘incurred loss model’) and expected credit losses.

The Group assesses the probability of default of the counterparties, using internal rating tools tailored to the various categories of counterparties. Such tools combine statistical analysis and judgment and are validated, where appropriate, by comparison with externally available data.

Counterparties are segmented into five rating classes and the Group’s rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. Exposures migrate between classes as the assessment of their probability of default changes. The rating tools are continuously reviewed, upgraded and validated

by the Group.
Loans are rated from A to E in the Group's internal credit risk rating system:

- A Standard
- B Watch
- C Sub-standard
- D Doubtful
- E Loss

The Group reports the classification of its borrowers to the CBK and the Credit Register of Kosovo.
The impairment policy for these loans is detailed in Note 3(h) (viii).

Individual and collective assessment of loan portfolio
For internal management purpose, the Group segregates the loans into loans that are assessed individually for impairment: these are loans that are classified as substandard-list or lower. All other loans are analyzed collectively for impairment assessment purposes.
The Group assesses ECL (expected credit losses) on individual basis for outstanding exposures EUR >100 thousand that are classified in stage 3 on monthly basis while discounting the projected cash inflow with NEI. Moreover, such exposures are closely monitored by the Group and reported due to their size and potential impact on the Group's profit or loss. (2024: EUR 100 thousand at least once a month when individual circumstances demand it).

Past due but not impaired loans
Loans and securities, where contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group.

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Write-off policy
The Group writes off a loan (and any related allowances for impairment) with the decision of the Board of Directors, in accordance with the regulations of Central Bank of Kosovo. The write-off decision is taken after considering information such as the occurrence of significant changes in the borrower issuer's financial position, such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The total amount written off during 2025 is EUR 686 thousand (2024: EUR 3,031 thousand).

29. Financial risk management (continued)

(b) Credit risk (continued)

Due from banks

(Amounts in thousands of EUR, unless otherwise stated)

Interbank exposures are closely monitored on a daily basis by risk management and the Treasury Department. The Group limits its deposits and other banking transactions to sound local or international banks. Before a business relationship is initiated with a given bank, the management and the Risk Department carry out an analysis of the institution's financial standing. The financial performance of the counterparties is continuously monitored. Moreover, all correspondent banks as well as bond issuers in which the Group has investment exposures are continuously monitored for their ratings by international rating agencies like: Standard & Poor's (S&P), Fitch and Moody's.
In accordance to the new regulation on large exposures of the Central Bank of Republic of Kosovo, banks shall not have any aggregate credit risk exposure to related counterparties exceeding 15% of Tier I Regulatory Capital. Loans to banks are granted without collateral. The table below presents the Group's current accounts and time deposits with corresponding banks by credit ratings:

At 31 December	2025	2024
AAA to AA-	10,225	1,744
AAA+ to BBB-	-	-
A+ to A-	7,097	3,906
BBB+ to BBB-	4,776	4,134
BBB+ to B-	-	-
BB+ to B-	443	3,257
Not Rated	-	-
Local Banks	3,650	9,367
	26,191	**22,408**

Investments in securities
Investments in debt securities are only with the Kosovo Government. These securities are not rated. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Lending commitments and financial guarantees
The maximum exposure from financial guarantees represents the maximum amount that the Group should pay if the guarantee is called on, which may be significantly greater than the amount recognized as a liability. The maximum credit exposure for lending commitments is the full amount of the commitment.

Risk limit control and mitigation policies
The Group manage limits and controls the concentrations of credit risk wherever they are identified in particular to individual counterparties and groups, and to affiliates.
The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a regular basis and subject to an annual or more frequent review, if necessary.
Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Other controls and mitigation measures are outlined below.

(Amounts in thousands of EUR, unless otherwise stated)

Collateral held and other credit enhancements, and their financial effect

The Group holds collateral against loans to customers in the form of mortgage interests over property and other movable assets. Estimates of fair value are based on the value of collateral assessed at the time of borrowing. Collateral generally is not held over loans to banks. An estimate of the fair value of collateral and other security enhancements held against loans is shown below:

29. Financial risk management (continued)
(b) Credit risk (continued)

	2025		2024	
	Loans to customers	**FV of collateral**	**Loans to customers**	**FV of collateral**
Mortgages	232,859	877,653	197,910	652,489
Cash collateral	19,868	15,608	16,148	18,102
Pledge	158,873	374,687	162,034	367,979
Mixed (mortgages and pledge)	75,552	307,026	57,116	261,195
Not collateralised	87,359	-	67,902	-
Not collateralised	**574,511**	**1,574,974**	**501,110**	**1,299,765**

Concentration of credit risk

As at 31 December 2025, the Group has had exposures that exceed 10% of Tier 1 capital. The highest exposure was at 11.58%, there were in total six loans exposures exceeding 10% of Tier 1 capital. (2024: 11.74%, two loans exposures). The exposures to related parties at 31 December 2025, represent 8.38% (2024: 9.92 %) of the Tier 1 Capital. Exposures to related parties that are covered by cash collateral represents 4.01% (2024: 3.77%) of the Tier 1 Capital.

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

(Amounts in thousands of EUR, unless otherwise stated)

	Loans to customers		Investments in securities		Term Deposits		Current accounts with banks and CBK		Financial guarantees	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Concentration by sector										
Corporate	210,955	172,825	-	-	-	-	-	-	14,247	10,119
Government	-	-	104,105	60,831	9,171	6,481	-	-	-	-
Banks	-	-	-	-	-	-	93,300	83,547	-	-
Individuals	182,760	161,643	-	-	-	-	-	-	13	-
Micro entities	167,159	156,752	-	-	-	-	-	-	2,815	3,050
Total	**560,874**	**491,220**	**104,105**	**60,831**	**9,171**	**6,481**	**93,300**	**83,547**	**17,075**	**13,169**
Concentration by location										
EU countries	-	-	-	-	-	-	22,557	21,308	-	-
Republic of Kosovo	560,874	491,220	104,105	60,831	9,171	6,481	70,743	62,239	17,075	13,169
Total	**560,874**	**491,220**	**104,105**	**60,831**	**9,171**	**6,481**	**93,300**	**83,547**	**17,075**	**13,169**

Effects of Ukraine-Russia War

The Russian Federation's invasion of Ukraine and the subsequent global response to those military actions may have significant financial effects on many entities and financial markets. These include entities with physical operations in Ukraine, Russia and Belarus, as well as indirect interests. The Group does not have any significant direct exposure to Ukraine, Russia or Belarus. Nevertheless, the Group is continuously monitoring the developments related to the effects of Ukraine-Russia War. The Group's financial position continues to be stable and growing steadily. This increase is observed in the increase of loans and deposits, as well as in interest income and in income from fees and commissions.

29. Financial risk management (continued)

(c) Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk
Interest rate risk is comprised of the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and the risk that the maturities of interest bearing assets differ from the maturities of the interest bearing liabilities used to fund those assets. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The assets and customer term deposits of the Group carry fixed interest rates. The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest- bearing assets and liabilities mature or reprice at different times or in differing amounts. The Group attempts to mitigate this risk by monitoring the repricing dates of its assets and liabilities. In addition, the actual effect will depend on a number of other factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within repricing periods and among currencies.

Group's exposures are based on Kosovo marked interest rates and the Group faces only repricing risk.

On quarterly basis are held the Operational Risk Management Meetings, where are discussed the following issues:
- The report on the Operational Risk- the report is prepared from the Department of Risk
- The report on the Liquidity and Market Risk- the report is prepared from the Department of Risk
- The report on Interest rate risk - the report is prepared from the Department of Risk. The report details the interest rates of the Group in comparison to the market interest rates and gives details of the changes in the interest rates in the market, any unusual fluctuations.

The Department of Treasury on a constant basis monitors the interest rates risk through monitoring the market conditions and taking necessary re- pricing or reallocation decisions with the approval of the Asset and Liability Committee. A report with regard to this monitoring is prepared and presented in the meeting of Assets and Liabilities Committee. Necessary measures are taken whether interest rates are changing adversely. The report includes analysis on the top depositors, their impact of the rates of deposits, investments on securities analysis, average interest rates on client accounts, GAP analysis on liquidity risk.

Exposure to interest rate risk
The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities, the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the savings rate, LIBOR and EURIBOR and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.
Asset-liability risk management activities are conducted in the context of the Group's sensitivity to interest rate changes. In decreasing interest rate environments, margins earned will narrow as liabilities interest rates will decrease with a lower percentage compared to assets' interest rates. However, the actual effect will depend on various factors, including stability of the economy, environment and level of inflation.

(Amounts in thousands of EUR, unless otherwise stated)

The average effective yields of significant categories of financial assets and liabilities of the Group as at 31 December 2025 and 2024 are as follows:

29. Financial risk management (continued)

(c) Market risk (continued)
Interest rate risk (continued)

	USD		*EUR*		*CHF*		*GBP*	
Assets	**2025**	**2024**	**2025**	**2025**	**2024**	**2024**	**2025**	**2024**
Cash on hand and at banks	3.31%	0.72%	0.51%	0.85%	-0.43%	-	0.22%	-
Balances with CBK	-	-	0.30%	0.30%	-	-	-	-
Loans to customers	-	-	6.91%	6.95%	-	-	-	-
Investment securities at AAC	-	-	-	3.19%	-	-	-	-
Investment securities at FVOCI	3.73%	4.19%	2.16%	2.94%	-0.10%	0.32%	-	-
Liabilities				-	-		-	-
Customer deposits	2.05%	0.83%	1.45%	1.23%	0.05%	0.02%	0.01%	-

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios include a 1% parallel fall or rise in all yield curves.

	2025	**2024**
Description	**Fixed Rate Totals**	**Fixed Rate Totals**
Total Assets and Long Positions	**683,953**	**568,171**
Total Liabilities and Short Positions	**818,125**	**690,883**
Net position (unweighted)	**(134,172)**	**(122,712)**
Description	**Variable Rate Total**	**Variable Rate Total**
Assets and Long Positions		
Loans and advances to clients	134,172	122,712
Total Assets and Long Positions	**134,172**	**122,712**
Liabilities and Short Positions	-	-
Net position (unweighted)	**134,172**	**122,712**

Total Capital (Tier I + Tier II)	**97,549**	**69,081**
Variable IR Assets to Fixed Rate IR Assets Rate %	**19.62%**	**21.60%**

The Bank continues to be exposed to a similar proportion of interest rate risk. The Bank has approximately 20% of its assets at variable rates (2024: 22%).

29. Financial risk management (continued)

(c) Market risk (continued)
Exposure to interest rate risk (continued)

31 December 2025	Up to 1 month	1-3 Month	3-6 Month	6-12 Month	1-5 years	Over years	Non-interest bearing	Total
Assets								
Cash on hand and at banks	25,426	-	-	-	-	-	20,864	**46,290**
Balances with CBK	66,883	-	-	-	-	-	-	**66,883**
Term deposits	-	-	400	479	8,292	-	-	**9,171**
Investments in securities	22,738	21,096	20,771	27,218	12,283	-	-	**104,105**
Loans to customers - Fixed rate	8,584	22,954	45,772	55,321	249,582	178,661	-	**560,874**
Other assets	-	-	-	-	-	-	3,211	**3,211**
Total	**123,631**	**44,050**	**66,943**	**83,018**	**270,156**	**178,661**	**24,075**	**790,534**
Liabilities								
Deposits from customers – Fixed rate	82,008	24,771	32,943	162,015	121,499	306	266,022	**689,564**
Due to Banks	2,588	-	-	-	-	-	-	**2,588**
Outstanding claims provision	-	-	-	-	-	-	12,993	**12,993**
Subordinated debt	-	-	-	-	-	-	2,350	**2,350**
Other liabilities	-	-	-	3	1,681	1,090	2,457	**5,231**
Gjithsej	**84,596**	**24,771**	**32,943**	**162,018**	**123,180**	**1,396**	**283,822**	**712,726**
Hendeku	**39,035**	**19,279**	**34,000**	**(79,000)**	**146,976**	**177,265**	**(259,747)**	**77,808**
Hendeku kumulativ	**39,035**	**58,314**	**92,314**	**13,314**	**160,290**	**337,555**	**77,808**	

(Amounts in thousands of EUR, unless otherwise stated)

31 December 2024	Up to 1 month	1-3 Month	3-6 Month	6-12 Month	1-5 years	Over years	Non-interest bearing	Total
Assets								
Cash on hand and at banks	25,426	-	-	-	-	-	15,644	**41,070**
Balances with CBK	60,555	-	-	-	-	-	-	**60,555**
Term deposits	-	-	-	922	5,559	-	-	**6,481**
Investments in securities	32,618	12,372	2,973	1,197	108	11,563	-	**60,831**
Loans to customers - Fixed rate	4,603	19,497	27,654	49,639	228,663	161,164	-	**491,220**
Other assets	-	-	-	-	-	-	3,027	**3,027**
Total	**123,202**	**31,869**	**30,627**	**51,758**	**234,330**	**172,727**	**18,671**	**663,184**
Liabilities								
Deposits from customers – Fixed rate	53,712	22,839	21,285	101,041	124,303	1,354	267,239	**591,773**
Due to Banks	1,096	-	-	-	-	-	-	**1,096**
Outstanding claims provision	-	-	-	-	-	-	12,107	**12,107**
Subordinated debt	-	-	-	-	-	-	200	**200**
Other liabilities	-	-	-	3	1,681	1,090	1,822	**4,596**
Total	**54,808**	**22,839**	**21,285**	**101,044**	**125,984**	**2,444**	**281,368**	**609,772**
Gap	**68,394**	**9,030**	**9,342**	**(49,286)**	**108,346**	**170,283**	**(262,697)**	**53,412**
Cumulative gap	**68,394**	**77,424**	**86,766**	**37,480**	**145,826**	**316,109**	**53,412**	

(Amounts in thousands of EUR, unless otherwise stated)

29. Financial risk management (continued)

(c) Market risk (continued)

Exposure to currency risk

The Group's exposed to currency risk through transactions in foreign currencies. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currency at spot when necessary to address short-term balances.

The currency risk is not significant, as the majority of transactions of the Group are in local currency. The foreign currencies the Group deals with are predominantly United States Dollars (USD) and Swiss Franc (CHF) and Pound Sterling (GBP). The rates used for translation as at 31 December 2025 and 2024 are as follows:

Currency	2025 EUR	2024 EUR
1 USD	1.1750	1.0389
1 CHF	0.9314	0.9412
1 GBP	0.8726	0.8292

The Group's exposure to foreign currency risk, expressed in EUR equivalents is as follows:

31 December 2025	EUR	USD	CHF	GBP	Total
Assets					
Cash on hand and at banks	34,175	8,600	2,674	841	46,290
Balances with CBK	66,883	-	-	-	66,883
Term deposits	9,171	-	-	-	9,171
Investments in securities	71,739	28,596	3,770	-	104,105
Loans to customers	560,874	-	-	-	560,874
Other assets	3,211	-	-	-	3,211
	746,053	**37,196**	**6,444**	**841**	**790,534**
Liabilities					
Deposits from customers	644,560	37,550	6,613	841	**689,564**
Due to banks	2,588	-	-	-	**2,588**
Outstanding claims provision	12,993				**12,993**
Provision for unearned premium	6,636	-	-	-	**6,636**
Subordinated debt	2,350	-	-	-	**2,350**
Other liabilities	5,231	-	-	-	**5,231**
	674,358	**37,550**	**6,613**	**841**	**719,362**
Net foreign currency position	**71,695**	**(354)**	**(169)**	**-**	**71,172**

(Amounts in thousands of EUR, unless otherwise stated)

31 December 2024	EUR	USD	CHF	GBP	Gjithsej
Assets					
Cash on hand and at banks	34,041	2,704	3,533	792	41,070
Balances with CBK	60,555	-	-	-	60,555
Term deposits	5,885	-	-	-	5,885
Investments in securities	51,014	7,694	2,123	-	60,831
Loans to customers	491,220	-	-	-	491,220
Other assets	3,027	-	-	-	3,027
	645,742	**10,398**	**5,656**	**792**	**662,588**
Liabilities					
Deposits from customers	574,771	10,529	5,633	840	**591,773**
Due to banks	1,096	-	-	-	**1,096**
Outstanding claims provision	12,107	-	-	-	**12,107**
Provision for unearned premium	6,427	-	-	-	**6,427**
Subordinated debt	200	-	-	-	**200**
Other liabilities	4,596	-	-	-	**4,596**
	599,197	**10,529**	**5,633**	**840**	**616,199**
Net foreign currency position	**46,545**	**(131)**	**23**	**(48)**	**46,389**

29. Financial risk management (continued)
(c) Market risk (continued)

An analysis of the Group's sensitivity to an increase or decrease in foreign currency rates is as follows:

	USD		**CHF**		**GBP**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Sensitivity rates	5%	5%	5%	5%	5%	5%
Profit or loss						
+5% e Euro	(17.68)	(6.56)	(8.45)	1.17	-	(2.40)
- 5% e Euro	17.68	6.56	8.45	(1.17)	-	2.40

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity on a daily basis in order to manage its obligations as and when they fall due.

(Amounts in thousands of EUR, unless otherwise stated)

Exposure to liquidity risk
Funds are raised using a range of instruments including customers' deposits, subordinated debt and share capital.
The Group has a liquidity reserve in the Central Bank of Republic of Kosovo that is calculated based on the liquidity needs of the Group and that is available in cases of liquidity problems. The amount of the reserve for the year ended December 31, 2025 amounted to EUR 57,360 thousand (as at December 31, 2024: EUR 44,750 thousand).
Flexibility limits dependence on any one source of funds and generally lowers the cost of funds. The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Group strategy. In addition, the Group holds a portfolio of liquid assets as part of its liquidity risk management strategy.

Management of liquidity risk
Residual contractual maturities of financial assets and liabilities
The following tables show cash flows of the Group's financial assets and liabilities on the basis of their earliest residual contractual maturity. The Group's expected cash flows of these instruments vary significantly from this analysis. For example, demand accounts are expected to maintain a stable or increasing balance.

29. Financial risk management (continued)
(d) Liquidity risk (continued)
Management of liquidity risk (continued)

31 December 2025	Up to 1 month	1-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Assets							
Cash on hand and at banks	46,290	-	-	-	-	-	**46,290**
Balances with CBK	66,883	-	-	-	-	-	**66,883**
Term deposits	-	-	400	479	8,292	-	**9,171**
Investments in securities	22,738	21,096	20,771	27,218	12,282	-	**104,105**
Loans to customers	8,584	22,954	45,772	55,321	249,582	178,661	**560,874**
Other assets	3,211	-	-	-	-	-	**3,211**
Total	**147,706**	**44,050**	**66,943**	**83,018**	**270,156**	**178,661**	**790,534**

(Amounts in thousands of EUR, unless otherwise stated)

Liabilities							
Deposits from customers	348,030	24,771	32,943	162,015	121,499	306	**689,564**
Due to banks	2,588	-	-	-	-	-	**2,588**
Outstanding claims provision	12,993	-	-	-	-	-	**12,993**
Subordinated debt	-	-	-	-	-	2,350	**2,350**
Other liabilities	745	4	616	156	3,255	455	**5,231**
Total	**364,356**	**24,775**	**33,559**	**162,171**	**124,754**	**3,111**	**712,726**
Liquidity gap	**(216,650)**	**19,275**	**33,384**	**(79,153)**	**145,402**	**175,550**	**77,808**
Cumulative gap	**(216,650)**	**(197,375)**	**(163,991)**	**(243,144)**	**(97,742)**	**77,808**	

29. Financial risk management (continued)
(d) Liquidity risk (continued)
Management of liquidity risk (continued)

31 December 2024	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets							
Cash on hand and at banks	41,070	-	-	-	-	-	**41,070**
Balances with CBK	60,555	-	-	-	-	-	**60,555**
Term deposits	-	-	-	922	5,559	-	**6,481**
Investments in securities	32,618	12,372	2,973	1,197	108	11,563	**60,831**
Loans to customers	4,603	19,497	27,654	49,639	228,663	161,164	**491,220**
Other assets	3,027	-	-	-	-	-	**3,027**
Total	**141,873**	**31,869**	**30,627**	**51,758**	**234,330**	**172,727**	**663,184**
Liabilities							
Deposits from customers	320,951	22,839	21,285	101,041	124,303	1,354	**591,773**
Due to banks	1,096	-	-	-	-	-	**1,096**
Outstanding claims provision	12,107	-	-	-	-	-	**12,107**
Subordinated debt		-	-	-	-	-	**200**
Other liabilities	745	4	616	156	2,620	455	**4,596**
Total	**335,099**	**22,843**	**21,901**	**101,197**	**126,923**	**1,809**	**609,772**
Liquidity gap	**(193,226)**	**9,026**	**8,726**	**(49,439)**	**107,407**	**170,918**	**53,412**
Cumulative gap	**(193,226)**	**(184,200)**	**(175,474)**	**(224,913)**	**(117,506)**	**53,412**	

(Amounts in thousands of EUR, unless otherwise stated)

29. Financial risk management (continued)

(e) Capital risk management
The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance.
The equity structure of the Group comprises share capital, reserves and retained earnings.

Regulatory capital
The Group monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Central Bank of Kosovo ("CBK"). The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted assets, off balance-sheet items and other risks, expressed as a percentage. The minimum required Capital Adequacy Ratio is 9% for Tier 1 capital and 14% for total own funds.

Gearing ratio
The Group's risk management committee reviews the capital structure on a continuously basis. As part of this review, the committee considers the cost of capital and the risk associated with each class of capital. Based on the CBK regulations, the minimum leverage ratio is 3%.

The leverage ratio at the year ended was as follows:

	2025	2024
Total Assets	817,929	690,883
Total Equity	97,402	73,828
Leverage ratio	**11.91%**	**10.69%**

29. Financial risk management (continued)

(f) Insurance risk management
The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.
The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelies, as well as the use of reinsurance arrangements.
The Group purchases reinsurance as part of its risk's mitigation program. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.
Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded

(Amounts in thousands of EUR, unless otherwise stated)

insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Group principally issue following types of insurance contracts: motor third party liability insurance, health insurance, property insurance, professional indemnity insurance and other insurance contracts.

For motor third party liability insurance, the most significant risk are material and not material damages caused due to accidents. For property insurance and healthcare insurance most significant risks are; natural disaster, fire, terrorist activities, epidemics, medical science and technology improvements.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management. The maximum insurance retentions are 10% of minimum share capital.

The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

31 December 2025	**Gross Liabilities**	**Reinsurance of liabilities**	**Net Liabilities**
Motor Third party liability	8,919	187	8,732
KIB	987	52	935
Compensation Fund	922	-	922
Property insurance	739	503	236
Health insurance	385	-	385
Other Products	1,041	39	1,002
Total	**12,993**	**781**	**12,212**
31 December 2024	**Gross Liabilities**	**Reinsurance of liabilities**	**Net Liabilities**
Motor Third party liability	8,075	200	7,875
KIB	880	53	827
Compensation Fund	915	-	915
Property insurance	757	503	254
Health insurance	500	-	500
Other Products	980	126	854
Total	**12,107**	**882**	**11,225**

(Amounts in thousands of EUR, unless otherwise stated)

30. Business combinations and merger

Business combination during the year ended December 31, 2022 was the acquisition of Insurance Company Siguria Sh.a ("the Subsidiary"). On September 9, 2022 (the acquisition date), the Parent acquired 100 % of voting rights Insurance Company Siguria Sh.a, a company involved in non-life insurance. As a result, Insurance Company Siguria Sh.a became a subsidiary of the Parent as the Parent obtained control of Insurance Company Siguria Sh.a. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value EUR	Adjustment EUR	Fair value EUR
Assets			
Cash & cash equivalents	738,259	-	738,259
Investments in term deposits	7,368,878	-	7,368,878
Investments in Government Bonds	1,953,564	-	1,953,564
Claims against debtors	1,212,361	-	1,212,361
Ceded reinsurance claims	1,907,010	-	1,907,010
Deferred Acquisition Cost	411,943	-	411,943
Property Plant & Equipment	3,252,508	112,845	3,365,353
Investment property	894,517	-	894,517
Intangible Assets	24,201	-	24,201
Tax Assets	-	14,201	14,201
Other Assets	317,860	(46,003)	271,857
Total Fair Value of Assets	**18,081,101**	**81,043**	**18,162,144**
Liabilities			
Unearned Premium	4,559,113	-	4,559,113
IBNR and RBNS	10,974,692	590,000	11,564,692
Reinsurance Liabilities	931,203	-	931,203
Liabilities to KIB	142,238	-	142,238
Lease liabilities	50,995	-	50,995
Rent Liabilities	148,931	-	148,931
Tax Related Liabilities	106,396	-	106,396
Salary and Pension Contributions	54,711	-	54,711
Liabilities to shareholders	97,509	-	97,509
Liabilities to supplier	240,872	-	240,872
Tax on profit liability	35,000	(35,000)	-
Contingent Liabilities	-	-	-
Total Fair Value of Liabilities	**17,341,660**	**555,000**	**17,896,660**

(Amounts in thousands of EUR, unless otherwise stated)

Fair Value of Net Assets Acquired	**739,441**	**(473,957)**	**265,484**

Goodwill	
Consideration Transferred	2,100
NCI	-
	2,100
Fair Value of Assets Acquired	18,162
Fair Value of Liabilities Assumed	(17,897)
Fair Value of Net Assets Acquired	**265**
Goodwill at acquisition date	**1,835**

30. Business combinations and merger (continued)

The goodwill consisted primarily of future economic benefits and synergies with the existing operations and is non-deductible for tax purposes. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. As of the reporting date Goowdill is not impaired.
The recoverable amounts of the Acquired company has been determined from value in use calculations based on cash flow projections from budgets covering a period to 31 December 2027. Other major assumptions are as follows:

- Discount rate: 15.65%
- Growth rate: 2.00%

The growth rate and assumption applies only to the period beyond the formal budgeted period with the value in use calculation.
Pursuant to the signing purchase/sale agreement on 23 April 2025, and receipt Central Bank of Kosovo approval through their decision no. 2025/312, dated July 29, 2025, Banka Ekonomike completed the purchase of asset and liabilities of Türkiye İş Bankası A.Ş. – Branch in Kosovo on August 19, 2025 (acquisition date). As a result, the acquired assets and liabilities of Türkiye İş Bankası A.Ş. – Branch in Kosovo were merged with the asset and liabilities of the Bank. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and resultant bargain purchase gain are as follows:

(Amounts in thousands of EUR, unless otherwise stated)

	Book value EUR	Adjustment EUR	Fair value EUR
Assets			
Cash on hand and at banks	3,405,693	-	3,405,693
Loans to customers	38,068,106	(332,775)	37,735,331
Investment securities	7,051,204	87,710	7,138,914
Property and equipment and right-of-use assetssecurities	819,039	68,288	887,327
Intangible assets	28,577	-	28,577
Income tax prepayment	97,948	-	97,948
Other assets	209,119	(196,436)	12,683
Total Assets	**49,679,686**	**(373,213)**	**49,306,473**
Liabilities			
Due to customers	33,580,299	(562,218)	33,018,081
Due to banks	1,595,865	-	1,595,865
Income tax liability	98,275	-	98,275
Other liabilities	1,556,031	(75,959)	1,480,072
Deferred tax liabilities	29,951	-	29,951
Total Liabilities	**36,860,421**	**(638,177)**	**36,222,244**
Net Assets Acquired	**12,819,265**	**264,964**	**13,084,229**
Bargain Purchase Gain			
Total Consideration			**10,200,000**
Fair Value of Assets Acquired			49,306,473
Fair Value of Liabilities Assumed			(36,222,244)
Fair Value of Net Assets Acquired			**13,084,229**
Bargain Purchase Gain at acquisition date			**2,884,229**

Consideration amounting to EUR 10.2 million, for the purchase of asset and liabilities of Türkiye İş Bankası A.Ş. – Branch in Kosovo, was transferred to the seller on 3 October 2025.

31. Subsequent events

Subsequent to the reporting date, Law No. 08/L-304 on Banks entered into force in the Republic of Kosovo in 2026, introducing changes to the legal and regulatory framework governing the banking sector. The law includes amendments related, inter alia, to licensing, capital adequacy, governance, risk management, supervisory requirements, and other prudential regulations applicable to banks operating in Kosovo. The law provides a transitional period of one year, during which banks are required to align their operations, policies, and internal processes with the new requirements.

Furthermore, subsequent to the reporting date, geopolitical tensions, including developments related to the Iran–United States conflict, have continued to evolve. Although the Group operates in Kosovo and has no direct exposure to the conflict area, its operations may be indirectly affected due broader regional and global financial market conditions, impacts on local economic conditions, and customer activity. As at the date of approval of these consolidated financial statements, the situation remains fluid and the nature, timing, and magnitude of any potential impact on the Group's operations, financial position, liquidity, asset quality, or capital adequacy cannot be reliably quantified. Management is closely monitoring developments and continues to assess their potential implications. Accordingly, no adjustments have been made to the consolidated financial statements in respect of this matter.
Except as disclosed in the consolidated financial statements, there are no significant events after the reporting date that may require adjustment or disclosure in the financial statements.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
INSURANCE COMPANY SIGURIA SH.A.
31DECEMBER 2025

Table of contents

RSM KOSOVO SH.P.K.
Rr. Xhevdet Doda
Dukagjini Residence, Hyrja B-C,
Kati 2, No.B56
10 000 Prishtina
Republic of Kosovo
DL +383 45 666 888
www.rsm.global/kosovo

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Insurance Company Siguria Sh.a.

Opinion

We have audited the financial statements of Insurance Company Siguria Sh.a (“the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including asummary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31December 2025, and Its financlal performance andits cash flows for the year then ended In accordance with the accounting policies disclosed in note 2A.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kosovo, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 27b to the financial statements, which describes the legal proceedings involving the Kosovo Insurance Bureau (KIB), a professional, non-profit organisation established by insurance companies licensed in Kosovo, including the Company. As disclosed in this note, on 23 July 2025, the Court of Appealissued a decision against KIB in relation to this matter. Subsequently, by its decision dated 20 January 2026, the Supreme Court of Kosovo set aside the second-instance judgment and returned the case to the Court of Appeal for reconsideration. As aresult, the legal proceedings remain ongoing and the final outcome is subject to uncertainty.

As further disclosed in Note 27b and Note 25, based on the information available and following the recognition of a provisionby KIB inits financial statements, management has estimated and recognised a provision of EUR 146 thousand inthe accompanying financial statements, representing the Company's share of the potential obligation arising from this litigation. The provision has been recognised based on management's best estimates at the reporting date. However, the exact amount of the ultimate financial obligation cannot be determined with certainty at this stage, as it depends on the final outcome of the ongoing court proceedings. Accordingly, the recognised provision is subject to significant estimation uncertainty, and the final amount may differ from the amount currently recognised.

Other matter

The financial statements of Insurance Company Siguria Sh.a.for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those financial statements on 7 April 2025.

Other Information

Management is responsible for the other information. The other information comprises supplementary schedules that include the “Solvency Margin", “Capital Calculation", and “Adequacy of Investments of Assets Covering Technical Reserves". Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. In relation to this and based on our procedures performed, we report that:

- otherinformationis, in all material respects, consistent with the audited financial statements;
- andbased on our knowledge and understanding of the Company and it’s environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies disclosed in note 2A, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Pasqyrat financiare të Kompanisë së Sigurimit Siguria Sh.A. për vitin e përfunduar më 31 dhjetor 2024 janë audituar nga një auditor tjetër, i cili ka shprehur një opinion të pamodifikuar mbi këto pasqyra financiare më 7 prill 2025.

Përgjegjësia e Auditorit për Auditimin e Pasqyrave Financiare

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management''s use of the going concern basis of accounting and, based on the audit evidence obtained, whether amaterial uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor’s Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in @ manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Kosovo Sh.p.k.

RSM Kosovo Sh.p.k.

Prishtina, Republic of Kosovo Statutory Auditor
21 Prill 2026

Sadik Berisha

Statutory Auditor

(Amounts in thousands of EUR, unless otherwise stated)

STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025 EUR '000	31 Dhecember 2024 EUR '000
ASSETS			
Cash and cash equivalents	6	1,082	870
Term Deposits	7	14,505	11,682
Investments in securities	7	4,125	5,082
Insurance receivables	8	1,753	1,299
Deferred acquisition costs	9	625	601
Property, equipment,	10	3,183	2,975
Right of Use of Assets	11	342	311
Intangible assets	12	97	39
Investment property	13	895	895
Reinsurance assets	14	1,098	2,058
Income tax prepayment		40	-
Other assets	15	656	640
TOTAL ASSETS		28,401	26,452
EQUITY AND LIABILITIES			
EQUITY			
Shareholder's capital	16	19,503	19,503
Revaluation reserve		534	534
Accumulated Losses		(11,992)	(12,846)
TOTAL EQUITY		8,045	7,191
LIABILITIES			
Outstanding claims provision	17	12,431	11,545
Provision for unearned premium	18	6,636	6,427
Subordinated debt	19	214	200
Income tax liability		-	164
Lease liabilities	20	356	324
Insurance and other liabilities	21	573	601
Provision for litigations	27b	146	-
TOTAL LIABILITIES		20,356	19,261
TOTAL EQUITY AND LIABILITIES		28,401	26,452

Mr. Fitim Rexhepaj
General Director

Mr. Adhurim Kastrati
Financial Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR YEAR ENDED 31 DECEMBER 2025

	Notes	31 December 2025 EUR '000	31 Dhecember 2024 EUR '000
Gross written premiums	22	14,801	14,460
Less: Re-insurers' share of gross written premium	22	(896)	(2,055)
NET WRITTEN PREMIUMS		13,905	12,405
Change in the Gross Provision for Unearned Premiums	18	(209)	(1,258)
Change in Reinsurer Share of Provision for Unearned Premiums	18	(859)	770
NET EARNED PREMIUMS		12,837	11,917
Net financial income	23	390	355
Other income	24	230	411
TOTAL REVENUES		13,457	12,683
Losses and loss adjustment expenses	17	(7,612)	(6,641)
Change in deferred acquisition cost	11	23	70
Contribution to KIB for administrative expenses		(239)	(257)
Other operating and administrative expenses	25	(4,560)	(4,828)
TOTAL EXPENSES		(12,388)	(11,656)
PROFIT BEFORE TAX		1,069	1,027
Income tax expenses	26	(215)	(269)
PROFIT FOR THE YEAR		854	758
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		854	758